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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

**REPORT DIGEST**

**DEPARTMENT ON AGING  
FINANCIAL AND COMPLIANCE AUDIT  
(In accordance with the Single Audit Act of 1984  
and OMB Circular A-128)  
FOR THE TWO YEARS ENDED JUNE 30, 1994**

5-94-40000-10

**SYNOPSIS**

- The Department's property records were unreliable, and there were problems with inventory procedures for equipment. This resulted in the property records being out of balance by at least \$76,000 for the amount of property being reported quarterly to the State Comptroller. This condition has existed since 1988.
- Our report presents two findings concerning computer control weaknesses:
  - The Department had not established proper security controls over its mainframe computer application systems.
  - The Department had not established adequate controls over its three Local Area Networks (LANs) and 113 users.

{Expenditures and Activity Measures are summarized on the reverse page.}

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RECYCLED PAPER · SOYBEAN INKS

**DEPARTMENT ON AGING**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**For The Two Years Ended June 30, 1994**

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
• Total Expenditures (All Funds) . . . . .	\$163,124,356	\$149,854,947	\$164,402,406
<u>OPERATIONS TOTAL</u> . . . . .	\$8,732,271	\$8,468,445	\$5,336,110
% of Total Expenditures . . . . .	5.35%	5.65%	3.25%
Personal Services . . . . .	\$3,507,392	\$3,225,238	\$3,506,043
% of Operations Expenditures . . . . .	40.17%	38.09%	65.71%
Average No. of Employees . . . . .	104	103	105
Other Payroll Costs (FICA, Retirement) . . . . .	\$719,540	\$691,406	\$566,423
% of Operations Expenditures . . . . .	8.24%	8.16%	10.61%
Contractual Services . . . . .	\$376,264	\$392,570	\$404,353
% of Operations Expenditures . . . . .	4.31%	4.64%	7.58%
All Other Operations Items . . . . .	\$4,129,075	\$4,159,231	\$859,291
% of Operations Expenditures . . . . .	47.28%	49.11%	16.10%
<u>UNAPPROPRIATED EXPENDITURES &amp; REFUNDS</u> . . . . .	\$996,044	\$0	\$119,661
% of Total Expenditures . . . . .	.61%	.00%	.07%
<u>GRANTS TOTAL (STATE AND FEDERAL)</u> . . . . .	\$153,396,041	\$141,386,502	\$158,946,635
% of Total Expenditures . . . . .	94.04%	94.35%	96.68%
• Cost of Property and Equipment . . . . .	\$939,807	\$915,139	\$823,958

COMMUNITY CARE PROGRAM (CCP)	FY 1994	FY 1993	FY 1992
• CCP Average Monthly Caseload . . . . .	28,410	27,130	27,551
• Clients Receiving Medicaid . . . . .	30.4%	29.8%	29.2%
• Clients Over 75 Living Alone . . . . .	90.1%	89.8%	89.4%
• Average Cost Per Client Per Month . . . . .	\$302	\$294	\$314

The Community Care Program (CCP) provides in-home homemaker and senior companion services, adult day care and case management services to persons aged 60 years and older. Services are designed to prevent inappropriate or premature institutionalization. Note - FY 1994 data are based on estimates.

**AGENCY DIRECTOR(S)**

During Audit Period: Nancy S. Nelson, Acting Director (January 1, 1992 -  
September 1, 1992)

Currently: Maralee I. Lindley, Director (Appointed September 1, 1992)

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### INADEQUATE PROPERTY CONTROL

The Department's inventory of equipment was unreliable because procedures were not followed. **This finding has been repeated since 1988.** The Department's detailed computer listing of equipment did not contain all equipment items, contained wrong location codes for several items and contained items it no longer had. The Department's noncompliance caused the property records to be at least \$76,000 lower than it reported to the Comptroller. (Finding 1, page 8)

Department officials accepted our recommendation to make a one time adjustment on its Quarterly Fixed Asset Report to the Comptroller to bring it into agreement with its detail records. They also agreed to establish procedures to review work performed on their property control system. However, they said they would balance their effort against the overall needs of the Department. (For previous agency responses, see Digest Footnote 1.)

### INADEQUATE COMPUTER CONTROLS

Our report presents two findings concerning computer control weaknesses.

- The Department had not established proper security controls over its mainframe computer application systems. The security controls were not set to limit access to authorized users at levels appropriate for their specific duties and responsibilities. Without an adequate level of security, there is a great risk of unauthorized access and corruption to the Department's computerized information. (Finding 5, page 12)
- The Department had not established adequate controls over its three Local Area Networks (LANs) and 113 users. The Department has over \$400,000 invested in hardware and maintains critical, confidential, and financially sensitive data on its LANs. Without the implementation of effective controls and procedures for the LANs, there is a greater risk that unauthorized access to Department resources may be gained and information altered or destroyed. (Finding 6, page 15)

Department officials accepted our recommendations for each of these areas.

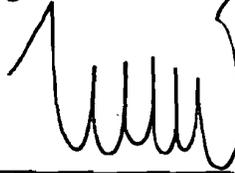
### OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the Department. We will review progress towards the implementation of our recommendations in our next audit.

Ms. Maralee I. Lindley, Director of the Department on Aging, provided the responses.

### AUDITOR'S OPINION

In our auditors' opinion, except for the effects, if any, as might have been determined to be necessary had prior-year records concerning property and equipment been accurate, in all material respects, the Illinois Department on Aging's financial statements are fairly presented at June 30, 1994 and 1993.



WILLIAM G. HOLLAND, Auditor General

WGH:TEE:jr  
May 18, 1995

### SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>Current Audit</u>	<u>Prior Audit</u>
Findings	8	5
Repeated Findings	1	4
Prior Recommendations Implemented or Not Repeated	4	4

### SPECIAL ASSISTANT AUDITORS

Abbott, Phillips & Co., Ltd. were our special assistant auditors for this audit.

### DIGEST FOOTNOTES

#### #1: INADEQUATE PROPERTY CONTROL - Previous Agency Responses

- 1992: "The Department concurs with the substance of the finding. Formal written procedures have been issued and were in effect during the period of the audit. We will modify these procedures to accommodate the recommendations of the auditors. While the overall control over State property has improved over the last period, the loss of staff and reassignment of responsibilities has prevented comprehensive improvement in this area."
- 1990: "This will be implemented. Shortage of staff and priorities have delayed finalization and implementation."
- 1988: "Procedures will be developed and implemented."