

**STATE OF ILLINOIS
DEPARTMENT ON AGING**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

**Performed as Special Assistant Auditors
for the Auditor General, State of Illinois**

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

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**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

DEPARTMENT OFFICIALS

Director - as of October 24, 2011	Mr. John K. Holton
Acting Director - August 1, 2011 through October 23, 2011	Mr. Michael Gelder
Director - until July 31, 2011	Mr. Charles D. Johnson
Deputy Director - as of November 18, 2011	Ms. Mary Killough
Acting Deputy Director - October 3, 2011 through November 17, 2011	Ms. Mary Killough
Deputy Director - September 8, 2011 through October 2, 2011	Vacant
Deputy Director - until September 7, 2011	Mr. Paul Stepusin
Chief Fiscal Officer	Mr. Dennis Miner
Acting Legal Counsel - as of April 27, 2012	Ms. Karen Kloppe
Legal Counsel - February 16, 2012 through April 26, 2012	Vacant
Legal Counsel - until February 15, 2012	Ms. Gale Thetford
Chief, Bureau of Business Service - as of May 1, 2012	Ms. Jodi Becker
Chief, Bureau of Business Service - March 1, 2012 through April 30, 2012	Vacant
Chief, Bureau of Business Service - until February 29, 2012	Ms. Theresa McKeon
Chief Internal Officer - September 1, 2010 through April 15, 2013	Ms. Jane Cullen
Chief Internal Officer - as of April 16, 2013	Vacant

Department offices are located at:

One Natural Resources Way
Suite 100
Springfield, Illinois 62702

160 North LaSalle Street
Suite N-700
Chicago, Illinois 60601

Winkel, Parker & Foster, CPA PC
Certified Public Accountants
1301 19th Ave NW
Clinton, Iowa 52732

May 8, 2013

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Department on Aging. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2012, the Department has materially complied with the assertions below.

- A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Respect for yesterday. Support for today. Hope for tomorrow.

The Illinois Department on Aging does not discriminate in admission to programs or treatment of employment in programs or activities in compliance with appropriate State and Federal statutes. If you feel you have been discriminated against, call the Senior Helpline at 1-800-252-8966; 1-888-206-1327 (TTY).



- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Department on Aging

Handwritten signature of John K. Holton in cursive.

John K. Holton, Director

Handwritten signature of Dennis Miner in cursive.

Dennis Miner, Chief Fiscal Officer

Handwritten signature of Karen Kloppe in cursive.

Karen Kloppe, Acting Chief Legal Counsel

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**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

**COMPLIANCE REPORT
SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant nonstandard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	6	12
Repeated Findings	4	5
Prior recommendations implemented or not repeated	8	8

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-01	10	Inadequate Controls and Monitoring over Enhanced Rate Payments Made to Community Care Program Service Providers	Material Weakness and Material Noncompliance
12-02	13	Inadequate Monitoring of Service Providers	Material Weakness and Material Noncompliance
12-03	15	Inadequate Controls Over Receipts and Expenditures	Significant Deficiency and Noncompliance
12-04	17	Untimely Performance Evaluations	Significant Deficiency and Noncompliance
12-05	18	Failure to Timely File Reports	Significant Deficiency and Noncompliance
12-06	20	Failure to Implement the Family Caregiver Act	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	22	Inadequate Controls over Preparation of GAAP Reporting Package
B	22	Deficiencies in Membership of Various Committees
C	22	Failure to Implement the Community Senior Services and Resources Act
D	22	Inadequate Controls over Contracting Procedures
E	23	Inadequate Controls over Employee Timesheets
F	23	Inadequate Disaster Contingency Planning
G	23	Inadequate Internal Controls over Accounts Receivable Reporting Process
H	23	Failure to Present Direct Care Worker Awards

EXIT CONFERENCE

The State of Illinois, Department on Aging opted not to have a formal exit conference during the current examination period. Throughout the engagement, meetings were held between Winkel, Parker & Foster, CPA PC and Department officials to discuss the matters contained in this report. Responses to the recommendations were provided by Dennis C. Miner, Chief Fiscal Officer, in an email dated May 2, 2013.

**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY
INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department on Aging's (Department) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagement of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2012. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditures, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Department's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department's compliance with specified requirements.

As described in findings 12-01 and 12-02 in the accompanying schedule of findings, the Department did not comply with requirements regarding compliance A, B, and C for finding 12-01 and compliance requirement C for finding 12-02. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance noted in the preceding paragraph, the Department complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 12-03 through 12-06.

Internal Control

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Department's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as findings 12-01 and 12-02 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as findings 12-03 through 12-06 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Department's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Department's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 in Schedules 1 through 10 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012 and June 30, 2011 accompanying supplementary information in Schedules 1 through 10. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 3 through 8 and the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

Winkel, Parker & Foster, CPA PC

Clinton, Iowa
May 8, 2013

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2012**

12-01 **FINDING** (Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers)

The Illinois Department on Aging (Department) lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies (providers) that applied for and received a special hourly rate under the Community Care Program.

Public Act 095-0713, effective July 1, 2008, authorized the Department to pay vendors providing homemaker, chore and housekeeping services an additional \$1.33 per hour (enhanced rate) for the purpose of providing health insurance coverage to their employees and to those employees' dependents. For the two fiscal years under examination, the Department has paid providers approximately \$64 million for the enhanced rate payments.

According to the Illinois Administrative Code (89 Ill Admin Code 240.1970) (Code), to be determined eligible, providers have to supply an initial application within 120 days prior to a fiscal year end in order to receive payments during the subsequent fiscal year. In addition, the providers must provide a certification showing that they offer, or will offer, health insurance coverage to all direct service workers who have worked a specified amount of time and that at least one quarter of those workers accept the offer of health insurance.

The enhanced rate is available for eligible providers with private insurance (Type 1), as well as eligible employer-provided health plans as part of a collective bargaining agreement with unionized workers (Type 2). As part of required annual insurance reviews, both Type 1 and Type 2 providers are required to substantiate their continued eligibility to receive the enhanced rate by submitting a copy of its health insurance plan or a certificate of insurance to the Department within six months after the end of the fiscal year. Providers are also required to submit verification from an independent certified public accounting firm of the actual, documented expense for health insurance during the provider's fiscal year. Any excess payments received over the amount spent for health insurance must be returned to the Department.

During our testing, we noted the following:

- Seven of seven (100%) Type 2 providers tested did not submit required annual eligibility documentation or financial reports to the Department during the examination period even though they continued to receive the enhanced rate payments from the Department. Department management stated that the Department and the Type 2 providers are in pending litigation and therefore the Department is not currently seeking annual eligibility documentation and financial reports from them. Type 2 providers will continue to receive enhanced rate payments from the Department for health insurance costs until the litigation is resolved in accordance with the Code (89 Ill Admin Code 240.1970(g)(5)).

**STATE OF ILLINOIS
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12-01 **FINDING** (Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers - CONTINUED)

- The Department did not maintain or receive adequate documentation from Type 1 providers in order to monitor their continued eligibility for receiving the enhanced rate during the examination period.

Specifically,

- Seven of eight (88%) Type 1 providers tested did not submit an annual copy of its health insurance plan or a copy of its insurance coverage to the Department.
- Six of eight (75%) Type 1 providers tested did not timely submit annual Direct Service Worker Health Insurance Certification (DSWHIC) forms to the Department. These year-end reporting forms are to be submitted by the providers to the Department for its annual insurance review to ensure the providers are still eligible for the enhanced rate and their revenues did not exceed health insurance costs. Four of these providers (67%) did not submit DSWHIC forms to the Department during the examination period; while another provider (16%), submitted its DSWHIC form 128 days late. The other provider's form did not contain dates and the Department did not date stamp the form when it was received, so the auditors were unable to determine if that provider's DSWHIC form was submitted timely.
- One of eight (13%) Type 1 providers tested did not timely submit its application for the enhanced rate to the Department. As mentioned above, the Code requires provider applications be submitted to the Department 120 days before the end of a fiscal year to receive the enhanced rate for the subsequent fiscal year. The provider noted by the auditors submitted the application on July 27, 2010, 27 days after June 30, 2010. Therefore, the applicant should not have received enhanced rate payments from the Department until after June 30, 2011.
- One of eight (13%) Type 1 providers tested submitted an annual financial report to the Department; however, the report was not verified by an independent certified public accounting firm as required by the Code (89 Ill Admin Code 240.1970(g)(2)).

Department officials stated that inadvertent oversight and lack of staffing led to the above errors and lack of monitoring.

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12-01 **FINDING** (Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers - CONTINUED)

Failure to ensure accuracy and completeness of applications and eligibility determinations can lead to provider overpayments. Failure to obtain, maintain, and review DSWHIC forms increases the risk that incorrect or excessive enhanced payments will not be prevented or detected. (Finding Code No. 12-01, 10-01)

RECOMMENDATION

We recommend the Department strengthen controls to ensure that initial and ongoing reviews of applications, eligibility, and annual reporting for the enhanced reimbursement rate are conducted properly, in a timely manner, and in accordance with administrative rules. We also recommend the Department ensure required information is obtained from providers and maintained to support agency determinations.

DEPARTMENT RESPONSE

Agree. The Agency has been involved in an 18 month long lawsuit with Service Employees International Union (SEIU) regarding enhanced rate payments to Type 2 Providers which has hampered our efforts to perform adequate monitoring. We expect that lawsuit to be resolved in the near future which will allow the Agency to move forward with full compliance of controls and monitoring.

**STATE OF ILLINOIS
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12-02 **FINDING** (Inadequate Monitoring of Service Providers)

The Illinois Department on Aging (Department) did not adequately monitor its service providers.

During our testing of 25 Community Care Program service providers, which received \$861,336,287 from the Department during the examination period, we noted that the Department had not received annual audit reports for 13 (52%) of the service providers. We also noted that the Department's audit report review checklist had not been completed for 9 (75%) of the 12 reports that the Department had received from service providers. Therefore, these audit reports had been received but had not been reviewed by Department staff at the time of our testing.

The Illinois Administrative Code (89 Ill. Admin. Code 240.1520(l)) (Code) requires Community Care Program service providers to submit annual audit reports to the Department within six months of their fiscal year end.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states that "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable laws...". Accordingly, the Department must receive and review the audit reports of its service providers and grantees in a timely manner to determine whether the funds were utilized in accordance with the purpose of the program. The Department uses an internally developed checklist to aid in reviewing the audit reports for required content.

Department officials stated that processes and procedures have been implemented to address the lapse in service provider monitoring. The lack of sufficient staff and vacancies in this area has resulted in a backlog of service provider reviews.

Failure to properly monitor service providers through timely receipt and review of audit reports of service providers decreases the Department's accountability over these expenditures and increases the risk of noncompliance with the provisions of the contracts with service providers. (Finding Code No. 12-02, 10-03)

RECOMMENDATION

We recommend the Department strengthen their controls for monitoring of service provider activities by following-up on delinquent audit reports. The Department should also ensure that audit reports are reviewed by staff in a timely manner after they are received.

**STATE OF ILLINOIS
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CURRENT FINDINGS
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12-02 **FINDING** (Inadequate Monitoring of Service Providers - CONTINUED)

DEPARTMENT RESPONSE

Agree. Controls for monitoring service provider activities have been developed and implemented to address this issue. In addition, agency staff assigned to perform adequate desk reviews has been deficient and the Agency will be reassigning these tasks and will assure timely and adequate monitoring of staff audit tasks going forward.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
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CURRENT FINDINGS
For the Two Years Ended June 30, 2012**

12-03 **FINDING** (Inadequate Controls Over Receipts and Expenditures)

The Illinois Department on Aging (Department) did not maintain adequate supporting documentation for its receipts and expenditures during the examination period. In addition, the Department did not reconcile the Department's receipt and expenditure records with that of the Office of the Comptroller (Comptroller).

During testing, we noted the following:

- The Department did not perform 18 of 24 (75%) required monthly reconciliations of Department receipt records with the Comptroller's Monthly Revenue Status Report (SB04) during the examination period.
- The Department did not perform 18 of 24 (75%) required monthly reconciliations of Department expenditure records to the Comptroller's Monthly Appropriation Status Report (SB01) during the examination period.

The Statewide Accounting Management System Manual (SAMS Manual) (Procedures 25.40.20 and 11.40.20) requires the Department to perform receipt and expenditure reconciliations on a monthly basis to identify and correct irreconcilable differences in its accounting records in a timely manner.

Department officials stated that reconciliations were not completed due to turnover of staff and oversight.

- The Department was unable to provide tape balancing reports for 20 of 189 (11%) expenditures tested by the auditors.
- The Department was unable to provide vouchers and their corresponding supporting documentation for five of 189 (3%) expenditures tested by the auditors.
- The Department was unable to provide receipt deposit transmittals for five of 51 (10%) receipts tested by the auditors.

The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and persons directly affected by the agency's activities.

Department officials stated that the documentation was misplaced during the move from the Department's prior location in the Willard Ice Building.

**STATE OF ILLINOIS
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12-03 **FINDING** (Inadequate Controls Over Receipts and Expenditures - CONTINUED)

Failure to maintain adequate source documentation and to properly reconcile Department receipt and expenditure records with those reported by the Comptroller creates an increased risk of not having accurate financial data needed to make spending decisions and could lead to inaccurate financial reporting. Further, it increases the risk that a theft or a loss could occur which would not be detected in a timely manner. (Finding Code No. 12-03, 10-04)

RECOMMENDATION

We recommend the Department implement procedures to ensure monthly reconciliations are performed and any discrepancies noted are corrected in a timely manner. We also recommend the Department ensure proper receipt and expenditure documentation is maintained to substantiate essential transactions of the State.

DEPARTMENT RESPONSE

Agree. The Department has written procedures and policy regarding controls over receipts and expenditures. There are also controls imposed by the Illinois Office of the Comptroller which establish procedures for controls over receipts and expenditures. During the engagement period, the Department physically moved the headquarters office to a new location. At the time of the audit, the Department was unable to locate some of the documentation that was requested for the audit. The Department will ensure safeguards are implemented to prevent missing documentation in the future.

**STATE OF ILLINOIS
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CURRENT FINDINGS
For the Two Years Ended June 30, 2012**

12-04 **FINDING** (Untimely Performance Evaluations)

The Illinois Department on Aging (Department) did not conduct employee performance evaluations in accordance with the Illinois Administrative Code (Code).

During testing, we noted six of 15 (40%) personnel files tested did not contain performance evaluations that were completed in a timely manner. The evaluations were completed 41 to 178 days after the employee's anniversary date.

The Code (80 Ill. Admin Code 302.270) requires a certified employee be evaluated annually.

Department personnel stated the evaluations were performed late due to oversight and competing priorities for the responsible managers. Department personnel also stated that managers are reminded of the requirements.

Annual performance evaluations are important to ensure all employees understand the duties and responsibilities assigned to them and that they are adequately performing the duties for which they are being compensated. Failure to conduct timely annual evaluations is noncompliance with the Code. (Finding Code No. 12-04)

RECOMMENDATION

We recommend the Department conduct timely annual performance evaluations for all certified employees.

DEPARTMENT RESPONSE

Agree. The Department acknowledges that timely annual evaluations for all certified employees are necessary. Management will work towards improving their efforts to meet the requirements of the Illinois Administrative Code related to evaluations.

**STATE OF ILLINOIS
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12-05 **FINDING** (Failure to Timely File Reports)

The Illinois Department on Aging (Department) failed to timely file reports required by various Illinois Compiled Statutes.

The Illinois Act on the Aging (20 ILCS 105/4.06) requires the Department to cooperate with the Department of Public Health, the Department of Healthcare and Family Services and the Department of Human Services in the development and submission of an annual report on programs and services provided under the Minority Senior Citizen Program. This report is to be filed with the Governor and the General Assembly on or before September 30 of each year.

During our testing, we noted the reports due September 30, 2010 and 2011 had not been submitted as of June 30, 2012.

The Respite Program Act (320 ILCS 10/12) requires the Department to submit a report on an annual basis to the Governor and General Assembly that details the progress of the respite care services under the Respite Program Act.

During our testing, we noted that no report has been filed in relation to the Respite Program Act for Fiscal Year 2011.

The Disabled Persons Rehabilitation Act (20 ILCS 2405/3(f)) requires the Department to cooperate with the Department of Human Services in the development and submission of an annual report on programs and services provided under this Act.

During our testing, we noted that no reports have been filed in relation to the Disabled Persons Rehabilitation Act during the engagement period.

Department officials stated that the above reports were not filed or were filed late with the Governor and General Assembly due to staffing constraints and other priorities of the Department.

Failure to file annual reports and make required submissions to the Governor and/or General Assembly results in noncompliance with the Illinois Compiled Statutes and reduces available information to those parties that they may use in making budget and policy decisions. (Finding Code No. 12-05, 10-09, 08-09, 06-11)

RECOMMENDATION

We recommend the Department comply with reporting requirements contained in the above named sections of the Illinois Act on the Aging, the Respite Program Act, and the Disabled Persons Rehabilitation Act.

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12-05 **FINDING** (Failure to Timely File Reports - CONTINUED)

DEPARTMENT RESPONSE

Agree. The Department acknowledges the required submissions are mandated by statute and will diligently work towards meeting the necessary deadlines in the future.

**STATE OF ILLINOIS
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For the Two Years Ended June 30, 2012**

12-06 **FINDING** (Failure to Implement the Family Caregiver Act)

The Illinois Department on Aging (Department) failed to implement the provisions of the Family Caregiver Act (Act).

The Family Caregiver Act (320 ILCS 65/20 and 65/25) requires the Department to perform the following duties:

- Adopt rules and standards the Department deems necessary to administer the Act. At a minimum, those rules and standards should address (1) standards and mechanisms designed to ensure the quality of services provided with assistance made available under the Act and (2) data collection and record maintenance.
- Contract with area agencies on aging and other appropriate agencies to conduct family caregiver support services.

During our testing, we noted that the Department did not adopt any rules or standards, to implement the Act during the examination period. In addition, the Department did not contract with area agencies on aging or other appropriate agencies to conduct family caregiver support services.

According to Department officials, the Act overlaps other Department programs funded by the Federal Older Americans Act and because the Act is an unfunded mandate, administrative rules have never been promulgated by the Department.

Failure to implement provisions of the Act results in noncompliance with the Act and puts limitations on the comprehensive senior resources envisioned by the Act. (Finding Code No. 12-06)

RECOMMENDATION

We recommend the Department comply with the requirements of the Family Caregiver Act.

DEPARTMENT RESPONSE

Agree. The Department receives federal funds to provide respite care through two sources: Title III-B and Title III-E of the Older Americans Act and a three year competitive federal grant awarded in 2009 and administered by the Administration on Aging under the federal Lifespan Respite Care Act of 2006 (H.R. 3248-Public Law 109-442). Title III-E (National Family Caregiver Support Program) provides funding which is distributed to the 13 Area Agencies on Aging in Illinois. The program, established in 2000 under Title III-E of the Older Americans Act provides funding to states based on their share of the population 70 and over to fund a range of supports that assist family and informal caregivers to care for an older person at home for as long as possible.

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For the Two Years Ended June 30, 2012**

12-06 **FINDING** (Failure to Implement the Family Caregiver Act - CONTINUED)

The Respite Program Act also requires that the Illinois Department on Aging submit a report (in accordance with Public Act 93-864) each year to the Governor and the General Assembly detailing the progress of the respite care services provided under this Act. This report is based on respite services (Family Caregiver Act) provided with federal Older Americans Act (OAA) funding since State funds have not been appropriated to provide respite services under the Family Caregiver/Respite Program Act.

Because the Family Caregiver Act (FCA) (or Respite Act) overlaps other Agency programs funded by the Federal Older Americans Act and because the FCA is an unfunded mandate, administrative rules have never been promulgated by the Agency. However, the Agency is still providing services using Federal funds by way of the Respite Program Act. This act authorizes the Illinois Department on Aging to administer a respite program of assistance to persons in need and to deter the institutionalization of frail or disabled adults. The Respite Program Act also authorizes the Illinois Department on Aging to make grants to or contract with Area Agencies on Aging and other appropriate community-based organizations to provide respite care under the Act. General Revenue Funds have not been appropriated for the establishment of a state-funded respite program.

We will seek a legislative remedy during the next session of the 98th General Assembly in 2014.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2012**

A. **FINDING** (Inadequate Controls over Preparation of GAAP Reporting Package)

During the prior examination, the Department on Aging (Department) did not submit a GAAP reporting package to the Office of the Comptroller by the due date, did not respond to questions from the Comptroller regarding the submission in a timely manner, and did not exercise proper control over the preparation of the GAAP package and backup documentation thereto. In addition, the Department misreported one federal grant on financial reporting (GAAP) Package form SCO-563.

During the current examination, the results of our testing indicated the Department improved controls over the preparation of its GAAP reporting packages. Specifically, the packages were submitted timely and accurately to the Comptroller for the two fiscal years under examination. (Finding Code No. 10-2)

B. **FINDING** (Deficiencies in Membership of Various Committees)

During the prior examination, the Department did not make appointments to or appointed member did not serve on various bodies created by the General Assembly.

During the current examination, the results of our testing indicated the Department materially complied with statutes appointing Department members to serve on various bodies created by the General Assembly. The auditors noted one instance of noncompliance that will be reported in the Letter of Immaterial Findings. (Finding Code No. 10-05, 08-02, 08-13, 06-03)

C. **FINDING** (Failure to Implement the Community Senior Services and Resources Act)

During the prior examination, the Department failed to implement the provisions of the Community Senior Services and Resources Act (Act).

During the current examination, Public Act 097-0127 repealed the Act. (Finding Code No. 10-06, 08-03, 06-04, 04-07)

D. **FINDING** (Inadequate Controls over Contracting Procedures)

During the prior examination, the Department contracts did not contain all ethical certifications and signatures required by the Illinois Compiled Statutes. Also, contracts were signed by the Department after the effective date had passed.

During the current examination period, the results of our testing indicated the Department contracts contained all ethical certifications and signatures required by the Illinois Compiled Statutes. In addition, the results of our testing indicated contracts were signed by the Department as of its effective date. (Finding Code No. 10-07)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2012**

E. **FINDING** (Inadequate Controls over Employee Timesheets)

During the prior examination, the Department's policies over supervisory review of employee timesheets were inadequate and timesheets for some did not document the amount of time spent on official State business.

During the current examination period, the results of our testing indicated the Department's policies and employee timesheet documentation were in compliance with State statute. (Finding Code No. 10-08)

F. **FINDING** (Inadequate Disaster Contingency Planning)

During the prior examination, the Department did not formally adopt their disaster contingency plan for ensuring recovery of its critical computer systems, and the disaster contingency plan did not provide for an alternate recovery location.

During the current examination, the results of our testing indicated the Department adopted their disaster contingency plan and worked with the Department of Central Management Services for an alternate recovery location. (Finding Code No. 10-10, 08-1, 06-02, 04-2)

G. **FINDING** (Inadequate Internal Controls over Accounts Receivable Reporting Process)

During the prior examination, the Department did not have adequate controls over accounts receivable reporting and collection. As a result, the Department inaccurately reported the estimated allowance for doubtful accounts and failed to follow procedures regarding the Comptroller's Offset System for past due accounts.

During the current examination, the results of our testing indicated that the Department improved controls over its accounts receivable reporting and collection procedures, including accurately reporting its estimated allowance for doubtful accounts. In addition, the Department now utilizes the Comptroller's Offset System as required by the Statewide Accounting Management System Manual. (Finding Code No. 10-11, 08-12, 06-15)

H. **FINDING** (Failure to Present Direct Care Worker Awards)

During the prior examination, the Department did not present awards to older direct care workers in accordance with the Illinois Compiled Statutes.

During the current examination, the results of our testing indicated that the Department presented awards in accordance with the Illinois Compiled Statutes. (Finding Code No. 10-12)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES
SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section includes the following:

- **Fiscal Schedules and Analysis:**
 - Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2012
 - Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2011
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts
 - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State
Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variations in Receipts
 - Analysis of Significant Lapse Period Spending
 - Analysis of Accounts Receivable

- **Analysis of Operations (Not Examined):**
 - Department Functions and Planning Program (Not Examined)
 - Average Number of Employees (Not Examined)
 - Annual Cost Statistics (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)
 - Schedule of Indirect Cost Reimbursements (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2012 and June 30, 2011 in Schedules 1 through 10. However, the accountants do not express an opinion on the supplementary information. The accountants' report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2012

SCHEDULE 1

Fourteen Months Ended August 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate		
			Lapse Period Expenditures 7/01-8/31/12	Total Expenditures	Balances Lapsed
Public Act 97-0070					
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Distributive Items:					
Operations					
Elder Abuse and Neglect Act	\$ 9,937,800	\$ 8,396,213	\$ 1,499,232	\$ 9,895,445	\$ 42,355
Circuit Breaker and Prescription Drug Assistance	24,196,000	20,375,165	1,885,643	22,260,808	1,935,192
Senior Employment Specialist Program	190,300	174,777	15,523	190,300	-
Intergenerational Programs	1	-	-	-	1
Grandparents Raising Grandchildren Program	242,300	242,137	-	242,137	163
Home Delivered Meals (non-formula)	1,600,000	1,600,000	-	1,600,000	-
Specialized Training Program	94,200	51,742	22,353	74,095	20,105
Older Adult Services Initiatives	1	-	-	-	1
Monitoring and Support Services	76,500	49,330	6,035	55,365	21,135
Illinois Council on Aging	18,000	8,484	-	8,484	9,516
Senior Meal Program	31,100	36	-	36	31,064
Senior Helpline	1,194,000	868,517	45,119	913,636	280,364
Awards and Grants					
Retired Senior Volunteer Program	557,370	525,265	32,100	557,365	5
Planning and Service Grants - Area Agencies on Aging	1,775,500	1,775,500	-	1,775,500	-
Foster Grandparent Program	243,800	185,912	57,888	243,800	-
Aging for Long-Term Care Systems Development	246,300	184,725	61,575	246,300	-
Ombudsman Program	348,400	348,400	-	348,400	-
Home Delivered Meals and Mobile Food Equipment	7,425,000	7,425,000	-	7,425,000	-
Community Based Services - Information, Referral, Transportation, Delivered Meals	2,425,302	2,425,302	-	2,425,302	-
Community Based Services - Area Agencies on Aging	758,736	758,736	-	758,736	-
Community Care Program	625,126,500	609,216,586	14,286,332	623,502,918	1,623,582
Comprehensive Care Coordination	53,318,200	43,983,142	8,259,284	52,242,426	1,075,774
Total Distributive Items	\$ 729,805,310	\$ 698,594,969	\$ 26,171,084	\$ 724,766,053	\$ 5,039,257

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2012

SCHEDULE 1
(CONTINUED)

Fourteen Months Ended August 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Lapse Period Expenditures 7/01-8/31/12	Approximate	
				Total Expenditures	Balances Lapsed
Public Act 97-0070					
Division of Finance and Administration					
Personal Services	\$ 1,902,400	\$ 1,736,403	\$ 98,501	\$ 1,834,904	\$ 67,496
State Contribution to Social Security and Medicare	145,500	129,296	7,458	136,754	8,746
Contractual Services	1,499,100	510,232	254,890	765,122	733,978
Travel	5,000	4,999	-	4,999	1
Commodities	22,800	8,528	2,718	11,246	11,554
Printing	9,000	-	-	-	9,000
Equipment	15,200	105	-	105	15,095
Electronic Data Processing	160,000	45,498	72,554	118,052	41,948
Telecommunications	91,000	81,320	9,673	90,993	7
Operation of Automotive Equipment	14,500	9,406	822	10,228	4,272
Total Division of Finance and Administration	3,864,500	2,525,787	446,616	2,972,403	892,097
Division of Home and Community Services					
Personal Services	1,064,800	950,765	50,292	1,001,057	63,743
State Contribution to Social Security and Medicare	81,500	69,771	3,722	73,493	8,007
Travel	13,000	12,831	-	12,831	169
Commodities	700	-	-	-	700
Total Division of Home and Community Services	1,160,000	1,033,367	54,014	1,087,381	72,619
Division of Planning Research and Development					
Personal Services	806,000	739,438	26,804	766,242	39,758
State Contribution to Social Security and Medicare	61,700	54,713	1,981	56,694	5,006
Contractual Services	8,000	495	-	495	7,505
Travel	12,500	12,088	347	12,435	65
Commodities	700	-	-	-	700
Total Division of Planning Research and Development	888,900	806,734	29,132	835,866	53,034
Division of Communications and Outreach					
Personal Services	509,800	397,085	83,099	480,184	29,616
State Contribution to Social Security and Medicare	39,000	29,287	5,635	34,922	4,078
Contractual Services	8,000	-	-	-	8,000
Travel	5,000	4,464	66	4,530	470
Commodities	700	205	-	205	495
Printing	34,500	-	-	-	34,500
Total Division of Communications and Outreach	\$ 597,000	\$ 431,041	\$ 88,800	\$ 519,841	\$ 77,159

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2012

SCHEDULE 1
(CONTINUED)

Fourteen Months Ended August 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Lapse Period Expenditures 7/01-8/31/12	Approximate	
				Total Expenditures	Balances Lapsed
Public Act 97-0070					
Division of Executive Office					
Personal Services	\$ 988,900	\$ 776,828	\$ 33,940	\$ 810,768	\$ 178,132
State Contribution to Social Security and Medicare	75,200	57,475	2,529	60,004	15,196
Contractual Services	21,300	21,280	-	21,280	20
Travel	18,000	17,973	9	17,982	18
Total Division of Executive Office	<u>1,103,400</u>	<u>873,556</u>	<u>36,478</u>	<u>910,034</u>	<u>193,366</u>
TOTAL GENERAL REVENUE FUND - 001	<u>737,419,110</u>	<u>704,265,454</u>	<u>26,826,124</u>	<u>731,091,578</u>	<u>6,327,532</u>
SERVICES FOR OLDER AMERICANS FUND - 618					
Distributive Items:					
Operations					
Expenses of Senior Meal Program	85,000	83,420	-	83,420	1,580
Training and Conference Planning	150,000	38,243	680	38,923	111,077
Discretionary Government Projects	5,000,000	936,198	487,419	1,423,617	3,576,383
Training Services	150,000	55,639	3,388	59,027	90,973
Awards and Grants					
Grants for USDA Cash in Lieu	200,000	73,096	22,511	95,607	104,393
Grants for Employment Services	6,000,000	2,696,791	603,941	3,300,732	2,699,268
Grants for Nutrition Services	24,475,800	12,515,204	7,419,648	19,934,852	4,540,948
Grants for Social Services	17,000,000	9,591,625	6,581,975	16,173,600	826,400
USDA Commodities	1,500,000	1,056,088	354,234	1,410,322	89,678
National Family Caregiver Support	7,500,000	3,312,135	2,294,124	5,606,259	1,893,741
Elder Abuse Prevention	500,000	99,506	51,927	151,433	348,567
Ombudsman	1,000,000	375,589	193,960	569,549	430,451
Preventive Health	1,000,000	412,590	255,237	667,827	332,173
Nutrition Services Incentive Program	8,500,000	2,899,364	3,728,970	6,628,334	1,871,666
Grants for Additional Employment Services	650,000	-	-	-	650,000
Total Distributive Items	<u>\$ 73,710,800</u>	<u>\$ 34,145,488</u>	<u>\$ 21,998,014</u>	<u>\$ 56,143,502</u>	<u>\$ 17,567,298</u>

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2012

SCHEDULE 1
(CONTINUED)

Fourteen Months Ended August 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Approximate		
			Lapse Period Expenditures 7/01-8/31/12	Total Expenditures	Balances Lapsed
Public Act 97-0070					
Division of Finance and Administration					
Personal Services	\$ 378,800	\$ 219,792	\$ 11,487	\$ 231,279	\$ 147,521
State Contribution to State Employee Retirement	129,500	71,288	3,932	75,220	54,280
State Contribution to Social Security and Medicare	29,000	15,251	842	16,093	12,907
State Contribution to Group Insurance	72,500	49,462	2,116	51,578	20,922
Contractual Services	76,300	14,874	1,698	16,572	59,728
Travel	10,000	3,259	5,516	8,775	1,225
Commodities	6,500	-	-	-	6,500
Printing	12,800	-	-	-	12,800
Equipment	1,100	-	614	614	486
Electronic Data Processing	350,000	4,825	27,876	32,701	317,299
Telecommunications	14,000	3,848	9,890	13,738	262
Operation of Automotive Equipment	2,400	44	-	44	2,356
Total Division of Finance and Administration	1,082,900	382,643	63,971	446,614	636,286
Division of Executive Office					
Employment Services Administration	95,000	24,209	-	24,209	70,791
Total Division of Executive Office	95,000	24,209	-	24,209	70,791
Division of Home and Community Services					
Personal Services	1,135,700	1,026,429	47,587	1,074,016	61,684
State Contribution to State Employee Retirement	388,300	353,118	16,374	369,492	18,808
State Contribution to Social Security and Medicare	86,900	76,721	3,563	80,284	6,616
State Contribution to Group Insurance	203,800	196,678	-	196,678	7,122
Contractual Services	31,000	695	199	894	30,106
Travel	65,000	21,400	4,364	25,764	39,236
Printing	5,000	-	-	-	5,000
Telecommunications	6,000	5,775	-	5,775	225
Total Division of Home and Community Services	1,921,700	1,680,816	72,087	1,752,903	168,797
TOTAL SERVICES FOR OLDER AMERICANS FUND - 618	\$ 76,810,400	\$ 36,233,156	\$ 22,134,072	\$ 58,367,228	\$ 18,443,172

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2012

SCHEDULE 1
(CONTINUED)

Fourteen Months Ended August 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Lapse Period Expenditures 7/01-8/31/12	Approximate	
				Total Expenditures	Balances Lapsed
Public Act 97-0070					
LONG TERM CARE OMBUDSMAN FUND - 698					
Distributive Items:					
Operations					
Long Term Care Ombudsman	\$ 2,000,000	\$ 416,979	\$ 279	\$ 417,258	\$ 1,582,742
TOTAL LONG TERM CARE OMBUDSMAN FUND - 698	<u>2,000,000</u>	<u>416,979</u>	<u>279</u>	<u>417,258</u>	<u>1,582,742</u>
TOBACCO SETTLEMENT RECOVERY FUND - 733					
Distributive Items:					
Circuit Breaker and Prescription Drug Assistance	4,500,000	3,329,277	1,131,157	4,460,434	39,566
Senior Health Assistance	1,600,000	1,518,600	81,400	1,600,000	-
TOTAL TOBACCO SETTLEMENT RECOVERY FUND - 733	<u>6,100,000</u>	<u>4,847,877</u>	<u>1,212,557</u>	<u>6,060,434</u>	<u>39,566</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830					
Distributive Items:					
Private Partnership Projects Expense	345,000	12,270	(463)	11,807	333,193
TOTAL DEPARTMENT ON AGING STATE PROJECTS FUND - 830	<u>345,000</u>	<u>12,270</u>	<u>(463)</u>	<u>11,807</u>	<u>333,193</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 822,674,510</u>	<u>\$ 745,775,736</u>	<u>\$ 50,172,569</u>	<u>\$ 795,948,305</u>	<u>\$ 26,726,205</u>

Note 1: The information contained in this schedule was taken from Department records and has been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Department and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2011

SCHEDULE 2

Eighteen Months Ended December 31, 2011

	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Lapse Period Expenditures 7/01-12/31/11	Total Expenditures	Balances Lapsed
Public Act 96-0956					
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Distributive Items:					
Operations					
Operational Expenses, Awards, Grants, and Permanent Improvements	\$ 306,473,400	\$ 293,509,660	\$ 10,522,011	\$ 304,031,671	\$ 2,441,729
Operational Expenses	7,353,100	5,562,678	362,447	5,925,125	1,427,975
Governors Discretionary Appropriation	<u>336,785,100</u>	<u>311,213,585</u>	<u>24,570,507</u>	<u>335,784,092</u>	<u>1,001,008</u>
TOTAL GENERAL REVENUE FUND - 001	<u>650,611,600</u>	<u>610,285,923</u>	<u>35,454,965</u>	<u>645,740,888</u>	<u>4,870,712</u>
SERVICES FOR OLDER AMERICANS FUND - 618					
Distributive Items:					
Operations					
Expenses of Senior Meal Program	85,000	38,268	3,641	41,909	43,091
Training and Conference Planning	150,000	145,826	4,003	149,829	171
Discretionary Government Projects	5,000,000	1,418,505	462,740	1,881,245	3,118,755
Training Services	150,000	8,656	15,175	23,831	126,169
Awards and Grants					
Grants for USDA Cash in Lieu	200,000	63,316	21,187	84,503	115,497
Grants for Employment Services	6,000,000	3,942,080	687,608	4,629,688	1,370,312
Grants for Nutrition Services	24,475,800	15,930,907	5,766,275	21,697,182	2,778,618
Grants for Social Services	17,000,000	12,001,122	4,532,321	16,533,443	466,557
USDA Commodities	1,500,000	1,007,324	330,571	1,337,895	162,105
National Family Caregiver Support	7,500,000	3,931,881	1,632,036	5,563,917	1,936,083
Elder Abuse Prevention	500,000	124,350	58,322	182,672	317,328
Ombudsman	1,000,000	471,848	155,470	627,318	372,682
Preventive Health	1,000,000	541,554	257,671	799,225	200,775
Nutrition Services Incentive Program	8,500,000	5,115,458	2,497,451	7,612,909	887,091
Grants for Additional Employment Services	1,900,000	1,664,811	20,344	1,685,155	214,845
Total Distributive Items	<u>\$ 74,960,800</u>	<u>\$ 46,405,906</u>	<u>\$ 16,444,815</u>	<u>\$ 62,850,721</u>	<u>\$ 12,110,079</u>

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2011

SCHEDULE 2
(CONTINUED)

Eighteen Months Ended December 31, 2011

<u>Public Act 96-0956</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/11</u>	<u>Lapse Period Expenditures 7/01-12/31/11</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
Division of Finance and Administration					
Personal Services	\$ 524,600	\$ 288,016	\$ 42,569	\$ 330,585	\$ 194,015
State Contribution to State Employee Retirement	158,700	84,391	15,811	100,202	58,498
State Contribution to Social Security and Medicare	40,100	20,784	4,190	24,974	15,126
State Contribution to Group Insurance	116,000	76,161	10,879	87,040	28,960
Contractual Services	76,300	38,014	16,972	54,986	21,314
Travel	10,000	1,639	967	2,606	7,394
Commodities	6,500	-	-	-	6,500
Printing	12,800	-	-	-	12,800
Equipment	1,100	-	-	-	1,100
Electronic Data Processing	350,000	5,970	607	6,577	343,423
Telecommunications	14,000	-	-	-	14,000
Operation of Automotive Equipment	2,400	-	-	-	2,400
Total Division of Finance and Administration	<u>1,312,500</u>	<u>514,975</u>	<u>91,995</u>	<u>606,970</u>	<u>705,530</u>
Division of Executive Office					
Employment Services Administration	<u>95,000</u>	<u>86,368</u>	<u>1,987</u>	<u>88,355</u>	<u>6,645</u>
Total Division of Executive Office	<u>95,000</u>	<u>86,368</u>	<u>1,987</u>	<u>88,355</u>	<u>6,645</u>
Division of Home and Community Services					
Personal Services	915,900	911,395	-	911,395	4,505
State Contribution to State Employee Retirement	277,100	268,900	-	268,900	8,200
State Contribution to Social Security and Medicare	70,100	68,446	-	68,446	1,654
State Contribution to Group Insurance	174,000	167,215	6,754	173,969	31
Contractual Services	31,000	15,134	-	15,134	15,866
Travel	65,000	29,463	4,301	33,764	31,236
Printing	5,000	-	-	-	5,000
Telecommunications	6,000	-	-	-	6,000
Total Division of Home and Community Services	<u>1,544,100</u>	<u>1,460,553</u>	<u>11,055</u>	<u>1,471,608</u>	<u>72,492</u>
Federal Recovery - ARRA					
Title III Nutrition Services	250,000	-	-	-	250,000
Title V Employment Services	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>
Total Federal Recovery - ARRA	<u>2,250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,250,000</u>
TOTAL SERVICES FOR OLDER AMERICANS FUND - 618	<u>\$ 80,162,400</u>	<u>\$ 48,467,802</u>	<u>\$ 16,549,852</u>	<u>\$ 65,017,654</u>	<u>\$ 15,144,746</u>

STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2011

SCHEDULE 2
(CONTINUED)

Eighteen Months Ended December 31, 2011

	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through 6/30/11</u>	<u>Lapse Period Expenditures 7/01-12/31/11</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
<u>Public Act 96-0956</u>					
LONG TERM CARE OMBUDSMAN FUND - 698					
Distributive Items:					
Operations					
Long Term Care Ombudsman	\$ 750,000	\$ 228,500	\$ 9,216	\$ 237,716	\$ 512,284
TOTAL LONG TERM CARE OMBUDSMAN FUND - 698	<u>750,000</u>	<u>228,500</u>	<u>9,216</u>	<u>237,716</u>	<u>512,284</u>
TOBACCO SETTLEMENT RECOVERY FUND - 733					
Distributive Items:					
Circuit Breaker and Prescription Drug Assistance	6,490,900	1,134,668	1,735,896	2,870,564	3,620,336
Senior Health Assistance	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>	<u>-</u>
TOTAL TOBACCO SETTLEMENT RECOVERY FUND - 733	<u>8,090,900</u>	<u>2,734,668</u>	<u>1,735,896</u>	<u>4,470,564</u>	<u>3,620,336</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830					
Distributive Items:					
Private Partnership Projects Expense	<u>345,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>334,000</u>
TOTAL DEPARTMENT ON AGING STATE PROJECTS FUND - 830	<u>345,000</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>	<u>334,000</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 739,959,900</u>	<u>\$ 661,727,893</u>	<u>\$ 53,749,929</u>	<u>\$ 715,477,822</u>	<u>\$ 24,482,078</u>

Note 1: The information contained in this schedule was taken from Department records and has been reconciled to records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2012	2011	2010
	<u>PA 97-0070</u>	<u>PA 96-0956</u>	<u>PA 96-0042, PA 96-0046</u>
GENERAL REVENUE FUND - 001			
Appropriations (Net After Transfers)	<u>\$ 737,419,110</u>	<u>\$ 650,611,600</u>	<u>\$ 656,213,500</u>
Expenditures			
Operating Expenditures			
Personal Services	4,893,155	-	4,107,396
State Contribution to Social Security and Medicare	361,867	-	302,720
Contractual Services	786,897	-	-
Travel	52,777	-	-
Commodities	11,451	-	-
Equipment	105	-	-
Electronic Data Processing	118,052	-	-
Telecommunications	90,993	-	-
Operation of Automotive Equipment	10,228	-	-
Operational Expenses, Awards, Grants, and Permanent Improvements	-	304,031,671	304,986,074
Operational Expenses	-	5,925,125	710,714
Elder Abuse and Neglect Act	9,895,445	-	-
Circuit Breaker and Prescription Drug Assistance	22,260,808	-	-
Senior Employment Specialist Program	190,300	-	-
Grandparents Raising Grandchildren Program	242,137	-	-
Home Delivered Meals (non-formula)	1,600,000	-	-
Specialized Training Program	74,095	-	-
Monitoring and Support Services	55,365	-	-
Illinois Council on Aging	8,484	-	-
Senior Meal Program	36	-	-
Senior Helpline	913,636	-	-
Governors Discretionary Appropriation	-	335,784,092	-
Total Operating Expenditures	<u>41,565,831</u>	<u>645,740,888</u>	<u>310,106,904</u>
Grants-in-Aid			
Retired Senior Volunteer Program	557,365	-	-
Planning and Service Grants - Area Agencies on Aging	1,775,500	-	-
Foster Grandparent Program	243,800	-	-
Aging for Long-Term Care Systems Development	246,300	-	-
Ombudsman Program	348,400	-	-
Home Delivered Meals and Mobile Food Equipment	7,425,000	-	-
Community Based Services - Information, Referral, Transportation, Delivered Meals	2,425,302	-	-
Community Based Services - Area Agencies on Aging	758,736	-	-
Community Care Program	623,502,918	-	341,999,995
Comprehensive Care Coordination	52,242,426	-	-
Total Grants-in-Aid	<u>689,525,747</u>	<u>-</u>	<u>341,999,995</u>
Total Expenditures	<u>731,091,578</u>	<u>645,740,888</u>	<u>652,106,899</u>
Lapsed Balances	<u>\$ 6,327,532</u>	<u>\$ 4,870,712</u>	<u>\$ 4,106,601</u>

STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2012	2011	2010
	<u>PA 97-0070</u>	<u>PA 96-0956</u>	<u>PA 96-0042,</u> <u>PA 96-0046</u>
SERVICES FOR OLDER AMERICANS FUND - 618			
Appropriations (Net After Transfers)	\$ 76,810,400	\$ 80,162,400	\$ 80,521,682
Expenditures			
Operating Expenditures			
Personal Services	1,305,295	1,241,980	1,101,726
State Contribution to State Employee Retirement	444,712	369,102	314,249
State Contribution to Social Security and Medicare	96,377	93,420	82,504
State Contribution to Group Insurance	248,256	261,009	200,834
Contractual Services	17,466	70,120	70,040
Travel	34,539	36,370	27,612
Commodities	-	-	138
Printing	-	-	10,507
Equipment	614	-	1,083
Electronic Data Processing	32,701	6,577	-
Telecommunications	19,513	-	13,725
Operation of Automotive Equipment	44	-	317
Employment Services Administration	24,209	88,355	-
Expenses of Senior Meal Program	83,420	41,909	39,717
Training and Conference Planning	38,923	149,829	68,188
Discretionary Government Projects	1,423,617	1,881,245	1,566,858
Training Services	59,027	23,831	30,473
Total Operating Expenditures	<u>3,828,713</u>	<u>4,263,747</u>	<u>3,527,971</u>
Grants-in-Aid			
Grants for USDA Cash in Lieu	95,607	84,503	81,345
Grants for Employment Services	3,300,732	4,629,688	3,922,104
Grants for Nutrition Services	19,934,852	21,697,182	22,140,208
Grants for Social Services	16,173,600	16,533,443	16,271,966
USDA Commodities	1,410,322	1,337,895	1,346,864
National Family Caregiver Support	5,606,259	5,563,917	5,810,339
Elder Abuse Prevention	151,433	182,672	194,201
Ombudsman	569,549	627,318	613,176
Preventive Health	667,827	799,225	819,996
Nutrition Services Incentive Program	6,628,334	7,612,909	8,500,000
Grants for Additional Employment Services	-	1,685,155	-
ARRA for Nutrition Services	-	-	828,060
ARRA for Employment Services	-	-	3,425,478
Total Grants	<u>54,538,515</u>	<u>60,753,907</u>	<u>63,953,737</u>
Total Expenditures	<u>58,367,228</u>	<u>65,017,654</u>	<u>67,481,708</u>
Lapsed Balances	\$ 18,443,172	\$ 15,144,746	\$ 13,039,974

STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2012 PA 97-0070	2011 PA 96-0956	2010 PA 96-0042, PA 96-0046
LONG TERM CAR OMBUDSMAN FUND - 698			
Appropriations (Net After Transfers)	\$ 2,000,000	\$ 750,000	\$ -
Expenditures			
Distributive Items:			
Operating Expenditures			
Long Term Care Ombudsman	417,258	237,716	-
Total Expenditures	<u>417,258</u>	<u>237,716</u>	<u>-</u>
Lapsed Balances	<u>\$ 1,582,742</u>	<u>\$ 512,284</u>	<u>\$ -</u>
TOBACCO SETTLEMENT RECOVERY FUND - 733			
Appropriations (Net After Transfers)	\$ 6,100,000	\$ 8,090,900	\$ 8,090,900
Expenditures			
Distributive Items:			
Circuit Breaker and Prescription Drug Assistance	4,460,434	2,870,564	6,138,562
Senior Health Assistance	1,600,000	1,600,000	1,600,000
Total Expenditures	<u>6,060,434</u>	<u>4,470,564</u>	<u>7,738,562</u>
Lapsed Balances	<u>\$ 39,566</u>	<u>\$ 3,620,336</u>	<u>\$ 352,338</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830			
Appropriations (Net After Transfers)	\$ 345,000	\$ 345,000	\$ 345,000
Expenditures			
Private Partnership Projects Expense	11,807	11,000	11,000
Total Expenditures	<u>11,807</u>	<u>11,000</u>	<u>11,000</u>
Lapsed Balances	<u>\$ 333,193</u>	<u>\$ 334,000</u>	<u>\$ 334,000</u>
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net After Transfers)	\$ 822,674,510	\$ 739,959,900	\$ 745,171,082
Expenditures	<u>795,948,305</u>	<u>715,477,822</u>	<u>727,338,169</u>
Lapsed Balances	<u>\$ 26,726,205</u>	<u>\$ 24,482,078</u>	<u>\$ 17,832,913</u>

STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES

	Fiscal Year		
	2012 <u>PA 97-0070</u>	2011 <u>PA 96-0956</u>	2010 <u>PA 96-0042,</u> <u>PA 96-0046</u>
NONAPPROPRIATED FUNDS			
SERVICES FOR OLDER AMERICANS FUND - 618			
Distributive Items:			
Refund Subgrantee Interest	\$ -	\$ -	\$ 17,103
Total Expenditures	<u>-</u>	<u>-</u>	<u>17,103</u>
GENERAL REVENUE FUND - 001 State Comptroller			
Appropriations (Net After Transfers)	<u>115,700</u>	<u>115,700</u>	<u>115,700</u>
Expenditures			
Director's Salary	<u>114,847</u>	<u>110,297</u>	<u>115,613</u>
Total Expenditures	<u>114,847</u>	<u>110,297</u>	<u>115,613</u>
Lapsed Balances	<u>\$ 853</u>	<u>\$ 5,403</u>	<u>\$ 87</u>
GRAND TOTAL EXPENDITURES - ALL FUNDS	<u>\$ 796,063,152</u>	<u>\$ 715,588,119</u>	<u>\$ 727,470,885</u>

Note: For FY 2012 and FY 2010, expenditures and lapsed balances do not include interest payments approved by the Department and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2012**

	<u>2012</u>	<u>2011</u>
Balance, beginning of period	\$ 1,089,639	\$ 1,982,852
Additions:		
Agency adjustments	55,952	185
Equipment purchased	<u>60,924</u>	<u>71,225</u>
Total additions	<u>116,876</u>	<u>71,410</u>
Deductions:		
Transferred out	9,610	627,096
Deletions	<u>-</u>	<u>337,527</u>
Total deductions	<u>9,610</u>	<u>964,623</u>
Balance, end of period	<u>\$ 1,196,905</u>	<u>\$ 1,089,639</u>

Note: This information was obtained from Department records which have been reconciled to property reports submitted to the State Comptroller.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Years Ended June 30,**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
GENERAL REVENUE FUND - 001			
Freedom of Information Act Copying Fees	\$ 156	\$ 31	\$ 158
Jury Duty	-	-	243
Miscellaneous Reimbursements	141	169	394
Circuit Breaker Refunds	4,392	11,639	10,209
Prior Year Refunds Deposited in Current Year	426,181	89,051	146,617
Total Receipts - Fund - 001	<u>430,870</u>	<u>100,890</u>	<u>157,621</u>
SERVICES FOR OLDER AMERICANS FUND - 618			
U.S. Department of Health and Human Services	47,566,669	51,009,348	58,026,520
U.S. Department of Agriculture	1,604,149	1,441,665	1,454,239
U.S. Department of Labor	3,620,593	6,418,180	3,940,618
Grantee Interest Income	3,322	6,129	17,103
U.S. Public Health Service Fund	-	-	550,000
Federal Stimulus Package	-	521,507	4,172,646
Prior Year Refunds Deposited in Current Year	23,421	8,337	6,312
Total Receipts - Fund - 618	<u>52,818,154</u>	<u>59,405,166</u>	<u>68,167,438</u>
FY 09 BUDGET RELIEF - 678			
Prior Year Refunds Deposited in Current Year	-	-	3,236
Total Receipts - Fund - 678	<u>-</u>	<u>-</u>	<u>3,236</u>
LONG TERM CARE OMBUDSMAN - 698			
U.S. Department of Public Health	450,000	250,000	-
Total Receipts - Fund - 678	<u>450,000</u>	<u>250,000</u>	<u>-</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830			
U.S.D.A. Food Nutrition Services	11,000	11,000	11,000
Prior Year Refunds Deposited in Current Year	-	31,497	394,987
Total Receipts - Fund - 830	<u>11,000</u>	<u>42,497</u>	<u>405,987</u>
TOTAL RECEIPTS - ALL FUNDS	<u>\$ 53,710,024</u>	<u>\$ 59,798,553</u>	<u>\$ 68,734,282</u>

SCHEDULE 6

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
For the Years Ended June 30,**

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Cash Receipts per Department	\$ 53,260,422	\$ 59,669,668	\$ 68,183,130
Prior Year Refunds Deposited in Current Year	449,602	128,885	551,152
	<u>\$ 53,710,024</u>	<u>\$ 59,798,553</u>	<u>\$ 68,734,282</u>
Total Deposits Remitted to the State Comptroller	<u>\$ 53,710,024</u>	<u>\$ 59,798,553</u>	<u>\$ 68,734,282</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012**

Significant variances in expenditures were determined to be changes of \$30,000 and at least 20% between fiscal years, and are explained below:

BETWEEN FISCAL YEARS 2012 AND 2011

General Revenue Fund - 001

In Fiscal Year 2011, the Department received a lump sum appropriation for operational expenses and grants, as well as a Governors discretionary appropriation, rather than individual appropriations designated for specific purposes for the General Revenue Fund. Therefore, expenditures for specific purposes cannot be compared between fiscal years 2012 and 2011. Overall expenditures in the General Revenue Fund increased 13.2% from Fiscal Year 2011 to Fiscal Year 2012.

Services for Older Americans Fund - 618

State Contribution to State Employee Retirement System - States contribution to State Employee Retirement System increased due to an increase in the contribution rate and a retirement payout.

Contractual Services - Contractual services decreased due to a change in funding that historically paid for audit and consultation services that developed the Cost Allocation Plan and Indirect Rate Agreement.

Employment Services Administration - Employment services administration decreased due to additional funding that was received from the Department of Labor in Fiscal Year 2011. In Fiscal Year 2012 the only spending was from the extension of the Fiscal Year 2011 grant funding.

Expenses of Senior Meal Program - Expenses of senior meal program increased due to a change in funding line item for these expenses.

Training and Conference Planning - Training and conference planning decreased due to increased expenses in Fiscal Year 2011 and the timing of conference contracts being signed.

Discretionary Government Projects - Discretionary government projects decreased due to the nursing home diversion federal grant ending in Fiscal Year 2011.

Training Services - Training services increased due to a change in the timing of training being offered.

Grants for Employment Services - Grants for employment services decreased due to a Department of Labor federal grant ending in Fiscal Year 2011.

Grants for Additional Employment Services - Grants for additional employment services decreased due to a Department of Labor federal grant that ended in Fiscal Year 2011.

STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

Long Term Care Ombudsman Fund - 698

Long Term Care Ombudsman - Long term care ombudsman increased due to an increase in appropriations. The increase in appropriations resulted in an increase in expenditures.

Tobacco Settlement Recovery Fund - 733

Circuit Breaker and Prescription Drug Assistance - Circuit breaker and prescription drug assistance increased due to the balance of funds not being high enough to spend until late in Fiscal Year 2011. This resulted in an increase in grants processed.

BETWEEN FISCAL YEARS 2011 AND 2010

General Revenue Fund - 001

In Fiscal Year 2010, the Department received a lump sum appropriation for operational expenses and grants, not including personal service expenditures. In Fiscal Year 2011, the Department received a lump sum appropriation for operational expenses and grants, as well as a Governors discretionary appropriation. Therefore, the lump sum appropriations are not comparable between the two years due to them being broken out differently. Overall expenditures in the General Revenue Fund decreased 1.0% from Fiscal Year 2010 to Fiscal Year 2011.

Services for Older Americans Fund - 618

Personal Services - Personal services increased due to the filling of vacancies and retirements.

State Contribution to State Employee Retirement System - State contributions to State Employee Retirement System increased due to increased personal services expenses.

State Contribution to Group Insurance - State contributions to group insurance increased due to increased personal services expenses.

Employment Services Administration - Employment services administration increased due to funding that was received from the Department of Labor in Fiscal Year 2011.

Training and Conference Planning - Training and conference planning increased due to the timing of conference contracts being signed, staffing issues during Fiscal Year 2010, and delaying expenses into Fiscal Year 2011.

STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2012

Services for Older Americans Fund - 618 (CONTINUED)

Discretionary Government Projects - Discretionary government projects increased due to a nursing home diversion federal grant received in Fiscal Year 2011.

Grants for Employment Services - Grants for employment services increased due to increased funding from a Department of Labor federal grant in Fiscal Year 2011.

Grants for Additional Employment Services - Grants for additional employment services increased due to increased funding from a Department of Labor federal grant in Fiscal Year 2011.

ARRA for Nutrition Services - ARRA for nutrition services decreased due to funding being exhausted in Fiscal Year 2010.

ARRA for Employment Services - ARRA for employment services decreased due to funding being exhausted in Fiscal Year 2010.

Long Term Care Ombudsman Fund - 698

Long Term Care Ombudsman - Long term care ombudsman expenses increased due to a fund being created in Fiscal Year 2011.

Tobacco Settlement Recovery Fund - 733

Circuit Breaker and Prescription Drug Assistance - Circuit breaker and prescription drug assistance decreased due to the balance of funds not being high enough to spend until late in Fiscal Year 2011. This resulted in a decrease of processed grants during Fiscal Year 2011.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012**

Significant variances in receipts were determined to be changes of \$30,000 and at least 20% between fiscal years, and are explained below:

BETWEEN FISCAL YEARS 2012 AND 2011

General Revenue Fund - 001

Prior Year Refunds Deposited in Current Year - Prior year refunds deposited in current year increased due to a reduction in rebates, which caused a larger number of overpayments that needed to be returned.

Services for Older Americans Fund - 618

U.S. Department of Labor - U.S. Department of Labor decreased due to less federal funding received in Fiscal Year 2012.

Federal Stimulus Package - Federal Stimulus Package decreased due to remaining stimulus funds being received in Fiscal Year 2011, with none in Fiscal Year 2012.

Long Term Care Ombudsman Fund - 698

U.S. Department of Public Health - U.S. Department of Public Health increased due to increased federal funding from the U.S. Department of Public Health for long term care ombudsman.

Department on Aging State Projects Fund - 830

Prior Year Refunds Deposited in Current Year - Prior year refunds deposited in current year decreased due to the remaining funds being returned in Fiscal Year 2011 from the Home Again Enhanced Transition Program that ended in Fiscal Year 2009, with unspent amounts needing to be returned.

STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2012

BETWEEN FISCAL YEARS 2011 AND 2010

General Revenue Fund - 001

Prior Year Refunds Deposited in Current Year - Prior year refunds deposited in current year decreased due to fewer overpayments being made that needed to be returned in Fiscal Year 2011.

Services for Older Americans Fund - 618

U.S. Department of Labor - U.S. Department of Labor increased due to additional federal funding being awarded in Fiscal Year 2011.

U.S. Public Health Service Fund - U.S. Public Health Service Fund decreased due to federal funding for long term care ombudsman having its own fund in Fiscal Year 2011.

Federal Stimulus Package - Federal Stimulus Package decreased due to most stimulus funds being received in Fiscal Year 2010, with the remaining funds being received in Fiscal Year 2011.

Long Term Care Ombudsman Fund - 698

U.S. Department of Public Health - U.S. Department of Public Health increased due to federal funding from the U.S. Department of Public Health for long term care ombudsman having its own fund in Fiscal Year 2011.

Department on Aging State Projects Fund - 830

Prior Year Refunds Deposited in Current Year - Prior year refunds deposited in current year decreased due to most of the funds being returned in Fiscal Year 2010 from the Home Again Enhanced Transition Program that ended in Fiscal Year 2009, with unspent amounts needing to be returned. There were some final amounts returned in Fiscal Year 2011.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2012**

Lapse period spending exceeding 15% of total fiscal year expenditures and at least \$20,000 is explained below:

FISCAL YEAR 2012

General Revenue Fund - 001

Elder Abuse and Neglect Act - Lapse period spending was due to a 1-2 month delay in providers submitting billings for payment.

Specialized Training Program - Lapse period spending was for contractually obligated payment that were made in lapse period.

Foster Grandparent Program - Lapse period spending was due to quarterly reports submitted and payment made after receipt of report.

Aging for Long-Term Care Systems Development - Lapse period spending was due to Area Agencies on Aging being reimbursed monthly for prior month activity.

Comprehensive Care Coordination - Lapse period spending was due to timing of receipt of providers fee for service submissions.

Division of Finance and Administration, Contractual Services - Lapse period spending was for Central Management Services consolidated payments and legal fee invoices received in lapse period.

Division of Finance and Administration, Electronic Data Processing - Lapse period spending was for prompt payment interest and the payment for servers during the lapse period.

Division of Communication and Outreach, Personal Services - Lapse period spending was for retirement payouts for approximately five employees during the lapse period.

Services for Older Americans Fund - 618

Grants for Nutrition Services - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Grants for Social Services - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

USDA Commodities - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2012

Services for Older Americans Fund - 618 (CONTINUED)

National Family Caregiver Support - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Ombudsman - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Preventive Health - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Nutrition Services Incentive Program - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Tobacco Settlement Recovery Fund - 733

Circuit Breaker and Prescription Drug Assistance - Lapse period spending was due to balance of fund not being high enough to spend until late in fiscal year, so lapse period spending to continue processing grants received.

STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2012

FISCAL YEAR 2011

Services for Older Americans Fund - 618

Grants for Nutrition Services - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Grants for Social Services - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

USDA Commodities - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

National Family Caregiver Support - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Ombudsman - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Preventive Health - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Nutrition Services Incentive Program - Lapse period spending was due to City of Chicago requesting funding biannually, with final request being made in the lapse period.

Tobacco Settlement Recovery Fund - 733

Circuit Breaker and Prescription Drug Assistance - Lapse period spending was due to balance of fund not being high enough to spend until late in fiscal year, so lapse period spending to continue processing grants received

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2012**

The Department had approximately \$13,452,000 and \$17,243,000 due from federal agencies at June 30, 2012 and 2011, respectively. The receivables from federal agencies, which were comprised of the U.S. Department of Labor, the U.S. Department of Agriculture, and the U.S. Department of Health and Human Services, all passed through the Service for Older Americans Fund 618. The Department considers these receivables to be current and collectible.

The Department has approximately \$448,000 and \$591,000 in gross receivables due from grantees of the Circuit Breaker and Prescription Drug Assistance program at June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, the estimated uncollectible balance of these receivables was approximately \$435,000 and \$574,000.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2012**

DEPARTMENT FUNCTIONS

The State of Illinois, Department on Aging (Department) was created by the State legislature in 1973 for the purpose of improving the quality of life for Illinois' senior citizens by coordinating programs and services enabling older persons to preserve their independence as long as possible. It is the single State agency in Illinois authorized to receive and dispense Federal Older Americans Act funds, as well as specific State funds, through area agencies on aging and community based service providers.

The mission of the Department is to provide a comprehensive and coordinated service system for the State's approximately two million aging population, giving high priority to those older persons in the greatest need; to conduct studies and research into the needs and problems of the elderly; and to ensure participation by older persons in the planning and operation of all phases of the system. In fulfilling its mission, the Department responds to the dynamic needs of society's aging population through a variety of activities including planning, implementing, and monitoring integrated services systems; coordinating and assisting the efforts of local community agencies; advocating for the needs of the State's elderly population; and cooperating with federal, state, local, and other agencies of government in developing programs and initiatives.

The Department's main office is located at One Natural Resources Way, Suite 100, Springfield, Illinois. The Department also has an office at 160 N. LaSalle, Suite No. 700 in Chicago, Illinois. The Director, John K. Holton, was appointed Director of the Department in October 2011.

The Department is organized into the following divisions:

- *The Executive Office* provides leadership in administering Department programs, ensuring effective management and acting as a visible advocate for Illinois' older persons. The functions include establishing policy, analyzing management operations, and providing legal counsel.
- *The Division of Finance and Administration* is responsible for the efficient and effective management of accounting, budgeting, grant administration, human resources, data processing, and office support services.
- *The Division of Home and Community Services* plans, develops, and manages various programs that serve and advocate for older Illinoisans and their caregivers by administering programs and promoting partnerships that encourage independence, dignity, and quality of life. These programs include Community Care Services, Older American Services, Elder Rights, State Ombudsman, and Training and Development.
- *The Division of Planning, Research and Development* is responsible for planning and establishing priorities and identifying initiatives in fulfilling the Department's overall mission to serve older Illinoisans and their caregivers.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2012**

- *The Division of Communications and Outreach* is responsible for media and community relations; public information, publications, graphics, and printing; advocacy initiatives that promote and respond to the special needs of older people and their families; state-wide training for the aging network, special projects, and staff development. The Division is also responsible for the Department's Senior Helpline.
- *The Division of Circuit Breaker and Pharmaceutical Assistance* is responsible for providing grants to senior citizens and persons with disabilities to help them reduce the impact of taxes and prescription medication costs.

PLANNING PROGRAM

The Department engages in both long-term and short-term planning on a continual basis. Long-term planning is accomplished through ongoing discussions and developments on policies and programs within the Department and through interaction with other State and federal agencies and organizations, as well as discussion with area agencies on aging and other provider agencies. Short-term planning is principally manifested in the annual budgetary process and intra-departmental discussions.

The budgetary process identifies various programs and issues to be addressed during the next fiscal year, in addition to more routine considerations of the Department's operations. The result of this process is a formal program of objectives to be accomplished, which is subject to monitoring and revision throughout the fiscal year.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2012**

The following table, prepared from Department records, presents the average number of employees, by division, for the fiscal years ended June 30,

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Executive Office	13	15	10
Division of Home and Community Services	33	36	36
Division of Planning, Research and Development	9	10	9
Division of Finance and Administration	27	36	32
Division of Communications and Outreach	24	25	31
Division of Circuit Breaker and Pharmaceutical Assistance	<u>25</u>	<u>28</u>	<u>43</u>
 Total average number of employees	 <u>131</u>	 <u>150</u>	 <u>161</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANNUAL COST STATISTICS
For the Two Years Ended June 30, 2012**

Statistical Information on State Community Care Program

The following comparative data was prepared from Department records for the fiscal years ended June 30:

		<u>2012</u>	<u>2011</u>	<u>2010</u>
Average Monthly Caseload	(1)	<u>76,364</u>	<u>68,224</u>	<u>60,400</u>
Percentage of Males		29%	28%	26%
Percentage of Females		71%	72%	74%
Percentage of Clients over 75 Living Alone		55%	56%	64%
Percentage of Ethnic/Minority		51%	50%	48%
Average Cost per Client per Month		\$ 822	\$ 805	\$ 776
Average Unit Cost				
Homemaker (per hour)		\$ 17.14	\$ 17.14	\$ 15.97
Adult Day Care (per hour)		\$ 9.02	\$ 9.02	\$ 8.81
Adult Day Service Transportation (one-way trip)		\$ 8.30	\$ 8.30	\$ 8.30
Prospective Nursing Home Cases	(2)			
Number of Cases Prescreened		104,215	103,016	97,562
Number of Face-to-Face Screens		103,901	102,722	97,056
Number of Non-Face-to-Face Screens		314	294	506

(1) Average monthly caseload refers to Community Care Program (CCP) clients who received a paid service for that month. This count is adjusted to include clients who receive service through the Managed Care and Community Based Residential Facility demonstration projects.

(2) Subsection G.12., DIVERSIONS FROM INSTITUTIONAL CARE, of the approved Home and Community-Based Services Waiver for the Elderly Population, which is currently in effect, states in part: "The present caseload represents persons deflected from nursing home placement during the current waiver." Accordingly, all clients of the CCP are considered to be prospective nursing home cases who have been diverted from institutional care.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2012**

The following are key indicators of the Department's performance by fiscal year. The Department provided this information to the Comptroller's Public Accountability Project Office for Fiscal Year 2012 and Fiscal Year 2011.

<u>Performance Indicators</u>	Fiscal Year		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Input Indicators			
Community Care Program (CCP)			
Budget Appropriation	\$ 625,126,500	\$ 588,621,100	\$ 595,627,200
Number of CCP Personnel	31	31	22
Output Indicators			
Total Assessments Conducted	219,541	214,509	217,510
Number of Deinstitutionalizations Conducted	388	378	331
Units of Service Conducted			
Homemaker Service	35,208,330	30,854,423	26,650,343
Adult Day Service	2,604,314	2,531,093	2,479,608
Outcome Indicators			
Percent of CCP Screens			
Face-to-Face	99.72%	99.70%	99.70%
Non-Face-to-Face	0.28%	0.30%	0.30%
CCP Caseload Cost vs. Nursing Home Caseload Costs	33.25%	33.00%	25.30%
Efficiency/Cost-Effective Indicators			
CCP Average Monthly Caseload	68,871	68,118	60,400
CCP Average Monthly Cost of Care	\$ 812	\$ 805	\$ 776
Average Monthly Cost of Medicaid Nursing Home	\$ 2,442	\$ 2,442	\$ 2,886
Individuals in CCP vs. Nursing Home			
Monthly Savings (Federal/State)	\$ 112,259,730	\$ 111,509,166	\$ 127,444,000
Yearly Savings (Federal/State)	\$ 1,347,116,760	\$ 1,338,109,992	\$ 1,529,328,000

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
SCHEDULE OF INDIRECT COST REIMBURSEMENTS
For the Two Years Ended June 30, 2012**

The Department negotiates indirect cost reimbursement rates with the U.S. Department of Health and Human Services (DHHS). These indirect cost rates are used to support claims for indirect costs pertaining to grants and contracts with the federal government.

The rates are approved by DHHS in accordance with OMB Circular A-87, subject to any statutory or administrative limitations. The indirect cost rates are based on direct salaries and wages including retirement and social security. The latest rate agreement, dated May 29, 2012, approved the following rates:

<u>COSTS APPLICABLE TO</u>	<u>RATE TYPE</u>	<u>EFFECTIVE PERIOD</u>	<u>RATE</u>
Circuit Breaker / Pharmaceutical Assistance	Final	07/01/10 - 06/30/11	103.2%
	Provisional	07/01/11 - 06/30/12	89.3%
	Provisional	07/01/12 - 06/30/13	103.2%
	Provisional	07/1/13 - Until Amended	103.2%
Home and Community Care / Planning, Research and Development	Final	07/01/10 - 06/30/11	94.0%
	Provisional	07/01/11 - 06/30/12	111.4%
	Provisional	07/01/12 - 06/30/13	94.0%
	Provisional	07/01/13 - Until Amended	94.0%
Finance and Administration	Final	07/01/10 - 06/30/11	68.1%
	Provisional	07/01/11 - 06/30/12	47.5%
	Provisional	07/01/12 - 06/30/13	68.1%
	Provisional	07/01/13 - Until Amended	68.1%
Communication and Outreach	Final	07/01/10 - 06/30/11	68.1%
	Provisional	07/01/11 - 06/30/12	47.5%
	Provisional	07/01/12 - 06/30/13	68.1%
	Provisional	07/01/13 - Until Amended	68.1%