



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT ON AGING

Compliance Examination
 For the Two Years Ended June 30, 2016

Release Date: May 25, 2017

FINDINGS THIS AUDIT: 14	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2014		16-11, 16-14	
Category 2:	9	4	13	2012		16-7	
Category 3:	0	0	0	2010	16-1		
TOTAL	9	5	14	2006		16-2	
FINDINGS LAST AUDIT: 9							

SYNOPSIS

- (16-1) The Department lacked adequate controls and monitoring over eligibility determinations and payments made to service provider agencies that applied for and received a special hourly rate under the Community Care Program.
- (16-6) The Department failed to implement the Adult Protective Service Registry for caregivers involved in deaths caused by abuse or neglect.
- (16-9) The Department did not prepare and submit accurate accounting reports (Generally Accepted Accounting Principles (GAAP) reporting form) to the Office of the Comptroller (Comptroller) for Fiscal Year 2016. In addition, the information reported on the GAAP reporting forms did not agree with the information reported on the Department prepared Schedule of Expenditures of Federal Awards (SEFA).

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016**

EXPENDITURE STATISTICS	2016	2015	2014
Total Expenditures.....	\$ 710,713,826	\$ 1,032,285,206	\$ 993,997,029
OPERATIONS TOTAL.....	\$ 20,208,953	\$ 22,041,705	\$ 15,577,652
% of Total Expenditures.....	2.8%	2.1%	1.6%
Personal Services.....	11,574,790	11,961,867	10,671,031
Other Payroll Costs (FICA, Retirement).....	1,869,921	2,050,429	1,640,947
All Other Operating Expenditures.....	6,764,242	8,029,409	3,265,674
AWARDS AND GRANTS.....	\$ 690,470,639	\$ 1,010,203,098	\$ 978,377,124
% of Total Expenditures.....	97.2%	97.9%	98.4%
REFUNDS.....	\$ 34,234	\$ 40,403	\$ 42,253
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 61,438,950	\$ 67,131,687	\$ 54,273,658
Average Number of Employees (Not Examined).....	161	158	143

SELECTED ACTIVITY MEASURES (Not Examined)	2016	2015	2014
CCP Average Monthly Caseload.....	83,983	83,632	85,117
Prospective Nursing Home Cases Prescreened.....	121,325	120,336	99,891
Percentage of Clients Over 75 Living Alone.....	53%	54%	54%
Homemaker Service - Units of Service Conducted.....	43,392,890	42,407,588	42,562,098
Adult Day Service - Units of Service Conducted.....	2,305,910	2,475,530	2,500,196
CCP Average Monthly Cost of Care.....	\$ 878	\$ 859	\$ 869

AGENCY DIRECTOR
During Examination Period: John K. Holton (through 6/30/15), Jennifer Reif, Acting (7/13/15 through 9/8/15), Kristine Smith, Acting (9/9/15 through 1/31/16), Jean Bohnhoff (effective 2/1/16)
Currently: Jean Bohnhoff

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE CONTROLS AND MONITORING
OVER ENHANCED RATE PAYMENTS MADE TO
COMMUNITY CARE PROGRAM SERVICE
PROVIDERS**

The 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 \$1.61 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 \$90 million for the enhanced rate payments.

Department paid \$90 million for enhanced rate payments

During testing, the following was noted:

Annual eligibility documentation or financial reports not submitted

- Six of fourteen (43%) 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.
- One of fourteen (7%) providers tested submitted a Direct Service Worker Health Insurance Certification (DSWHIC) form to the Department that did not satisfy the requirement of at least one quarter of total direct service workers accepting the health insurance offered. (Finding 1, pages 9-10) **This finding has been repeated since 2010.**

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

Department concurred with auditors

The Department concurred with the recommendation and stated discussions within the Department regarding controls that are currently in place for monitoring of the enhanced rate need to be reviewed for improved efficiency. The Department also responded they have strengthened their efforts to ensure compliance by the providers to submit the necessary verification documents. Additionally, the Department

responded they will continue their efforts to obtain documentation even after termination of the provider contract to close out the final allowable expenditures payable to the providers. *(For the previous Department response, See Digest Footnote #1)*

FAILURE TO IMPLEMENT REGISTRY

The Department failed to implement the Adult Protective Service Registry (Registry) for caregivers involved in deaths caused by abuse or neglect.

Registry for caregivers involved in deaths caused by abuse or neglect not implemented

The Adult Protective Services Act (Act) (320 ILCS 20/3(c-5)) states if the law enforcement agency, coroner, or medical examiner determines the reported death was caused by abuse or neglect by a caregiver, the law enforcement agency, coroner, or medical examiner shall inform the Department, and the Department shall report the caregiver's identity on the Registry as described in Section 7.5 of the Act.

The Act (320 ILCS 20/7.5(a)) requires the Department, in order to protect individuals receiving in-home and community-based services, establish a Registry that will be hosted by the Department of Public Health on its website effective January 1, 2015, and if practicable, shall propose rules for the Registry by January 1, 2015.

The Act (320 ILCS 20/7.5(c)) states access to and use of the Registry shall be limited to the Department, the Department of Healthcare and Family Services, the Department of Human Services, and the Department of Public Health and providers of direct care as described in subsection (a-10) of this Section. These State agencies and providers shall not hire, compensate either directly or on behalf of a participant, or utilize the service of any person seeking to provide direct care without first conducting an online check of whether the person has been placed on the Registry. (Finding 6, pages 15 -16)

We recommended the Department develop and implement the Registry.

Department concurred with auditors

The Department concurred with the recommendation and stated they plan to implement and properly develop the registry.

INADEQUATE CONTROLS OVER GAAP REPORTING

The Department did not prepare and submit accurate accounting reports (Generally Accepted Accounting Principles (GAAP) reporting forms) to the Office of the Comptroller (Comptroller) for Fiscal Year 2016. In addition, the information reported on the GAAP reporting forms did not agree with the information reported on the Department prepared Schedule of Expenditures of Federal Awards (SEFA).

During testing, the following was noted:

**Receipts were overstated by
\$115,030**

- The Department did not accurately report receipt amounts on the SCO-563 for Fund 0396. The receipts were overstated by \$115,030 compared to the Department's receipt records.

**Expenditures were understated by
\$245,166**

- The Department did not accurately report expenditure amounts on the SCO-563 for Fund 0618. The expenditures were understated by \$245,166 compared to the Department's expenditure records.
- The Department reported two programs on the Department prepared SEFA 10.555 National School Lunch Program for \$1,728,000 and 10.560 State Administrative Expenses for Child Nutrition for \$76,000. However, on the SCO-563 for Fund 0618 these were combined and reported as 10.555 National School Lunch Program for \$1,804,000. (Finding 9, pages 19-20)

We recommended the Department implement procedures to ensure complete and accurate information is reported to the Comptroller on the accounting reports.

Department concurred with auditors

The Department concurred with the recommendation and stated they will implement additional procedures in its Fiscal Procedure Manual to have work completed and reviewed for accuracy. This will enhance the accuracy of the reporting of federal expenditures.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review the Department's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Department for the two years ended June 30, 2016, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2016-001. Except for the noncompliance described in this finding, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Winkel, Parker & Foster, CPA PC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:cgc

DIGEST FOOTNOTES

#1 – Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers – Previous Department Response

2014: Agree. The Department has discussed the controls that were in place during the review period for monitoring the enhanced reimbursement rate. Based on those discussions, and additional support from the CCP monitoring staff, the Department has strengthened the efforts to ensure compliance by the providers to submit the necessary verification documents. Contract sanctions will be imposed for non-compliance. The Department will continue its efforts to obtain documentation even after termination of the contract to close-out the final allowable expenditures payable to the provider.