

**STATE OF ILLINOIS
DEPARTMENT ON AGING**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

**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, 2018**

TABLE OF CONTENTS

	Page
Department Officials.....	1
Management Assertion Letter	2
Compliance Report	
Summary.....	3
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	6
Schedule of Findings	
Current Findings.....	10
Prior Findings Not Repeated	51
Supplementary Information for State Compliance Purposes	
Summary.....	53
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2018.....	1..... 54
Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2017.....	2..... 60
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	3..... 66
Schedule of Changes in State Property.....	4..... 71
Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller	5..... 72
Analysis of Operations (Not Examined)	
Department Functions and Planning Program (Not Examined).....	74
Analysis of Significant Variations in Expenditures (Not Examined)	76
Analysis of Significant Variations in Receipts (Not Examined)	80
Analysis of Significant Lapse Period Spending (Not Examined).....	81
Analysis of Accounts Receivable (Not Examined)	84
Budget Impasse Disclosures (Not Examined).....	85
Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined).....	86
Interest Costs on Fiscal Year 2017 Invoices (Not Examined)	87
Average Number of Employees (Not Examined)	88
Annual Cost Statistics (Not Examined)	89
Memorandums of Understanding (Not Examined)	90
Service Efforts and Accomplishments (Not Examined)	91
Schedule of Indirect Cost Reimbursements (Not Examined)	92

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

DEPARTMENT OFFICIALS

Director (March 18, 2019 - Current)	Paula A. Basta
Director (thru March 17, 2019)	Jean Bohnhoff
Deputy Director (April 3, 2019 - Current)	Lora McCurdy
Deputy Director (June 16, 2018 - April 2, 2019)	Jamie Ewing
Deputy Director (thru June 30, 2018)	Jennifer Reif
Chief of Staff (June 16, 2018 - Current)	Jim McDonough
Chief of Staff (February 3, 2018 - June 15, 2018)	Vacant
Chief of Staff (July 1, 2017 - February 2, 2018)	Lauren Shiliga
Chief of Staff (March 16, 2017 - June 30, 2017)	Vacant
Chief of Staff (thru March 15, 2017)	Matt Ryan
Chief Legal Counsel (April 1, 2017 - Current)	Rhonda Armstead
Chief Legal Counsel (thru March 31, 2017)	Cindy Bushur-Hallam
Chief Fiscal Officer (May 1, 2017- Current)	Anna O'Connell
Chief Fiscal Officer (December 1, 2016 - May 1, 2017)	James Ofcarcik
Chief Fiscal Officer (September 16, 2016 - November 30, 2016)	Anna O'Connell
Acting Chief Fiscal Officer (September 1, 2016 - September 15, 2016)	Sarah Harris
Chief Fiscal Officer (thru August 31, 2016)	Jodi Becker
Chief, Bureau of Business Service	Theresa McKeon
Chief Internal Auditor (April 16, 2017 - Current)	Nicholas Barnard
Chief Internal Auditor (October 1, 2016 - April 15, 2017)	Vacant
Chief Internal Auditor (thru September 30, 2016)	Jennifer Boen

Department offices are located at:

One Natural Resources Way
Suite 100
Springfield, Illinois 62702

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



JB Pritzker, Governor
Paula A. Basta, M.Div., Director

One Natural Resources Way, Suite 100, Springfield, Illinois 62702-1271
Phone: 800-252-8966 • 888-206-1327 (TTY) • Fax: 217-785-4477

June 14, 2019

Borschnack, Pelletier & Co.
Certified Public Accountants
200 E. Court St., Suite 608
Kankakee, IL 60901

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 State of 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 State of Illinois, Department of on Aging's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2018 and June 30, 2017, the State of Illinois, Department of on Aging has materially complied with the assertions below.

- A. The State of Illinois, Department on Aging 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 State of Illinois, Department on Aging 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 State of Illinois, Department on Aging 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 State of Illinois, Department on Aging 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 State of Illinois, Department on Aging on behalf of the State or held in trust by the State of Illinois, Department on Aging have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Department on Aging

SIGNED ORIGINAL ON FILE

Paula A. Basta, Director

SIGNED ORIGINAL ON FILE

Anna O'Connell, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Rhonda Armstead, Chief Legal Counsel

Respect for yesterday. Support for today. Planning for tomorrow.
www.illinois.gov/aging

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)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

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.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a qualified opinion on compliance and material weaknesses over internal control.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	16	14
Repeated Findings	9	5
Prior recommendations implemented or not repeated	5	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2018-001	10	Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program	Material Weakness and Material Noncompliance
2018-002	17	Inadequate General Information Technology Controls Over IMPACT	Material Weakness and Material Noncompliance
2018-003	23	Insufficient Review and Documentation of Provider Enrollment Determinations	Material Weakness and Material Noncompliance
2018-004	30	Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers	Material Weakness and Material Noncompliance
2018-005	32	Inadequate Internal Controls Over Interagency Agreements	Material Weakness and Material Noncompliance
2018-006	34	Inadequate Controls Over Voucher Processing	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

COMPLIANCE REPORT

SUMMARY (CONTINUED)

2018-007	36	Failure to Submit and Post Reports	Significant Deficiency and Noncompliance
2018-008	38	Failure to Develop a Program to Identify the Special Needs and Problems of Minority Senior Citizens	Significant Deficiency and Noncompliance
2018-009	40	Failure to Make a Grant	Significant Deficiency and Noncompliance
2018-010	41	Inadequate Monitoring of Grantees and Service Providers	Significant Deficiency and Noncompliance
2018-011	42	Inadequate Controls Over State Property	Significant Deficiency and Noncompliance
2018-012	45	Failure to Maintain Accounts Receivable Records	Significant Deficiency and Noncompliance
2018-013	46	Failure to Review Major Systems Within a Two Year Period	Significant Deficiency and Noncompliance
2018-014	47	Failure to Complete Performance Evaluations	Significant Deficiency and Noncompliance
2018-015	48	Failure to Enter into Agreement with Other State Agencies	Significant Deficiency and Noncompliance
2018-016	50	Failure to Enter into Agreement with the State Board of Elections	Significant Deficiency and Noncompliance

PRIOR FINDINGS NOT REPEATED

A	51	Failure to Implement an Electronic Method to Transmit Documentation
B	51	Failure to Implement Registry
C	51	Inadequate Controls Over GAAP Reporting
D	51	Failure to Perform Reconciliations
E	52	Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

COMPLIANCE REPORT

SUMMARY (CONTINUED)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 28, 2019.

Attending were:

Department on Aging

Paul A. Basta, Director
Lora McCurdy, Deputy Director
Rhonda Armstead, Chief Legal Counsel
Anna O'Connell, Chief Fiscal Officer
Nicholas Barnard, Chief Internal Auditor
Theresa McKeon, Chief, Bureau of Business Service
Sarah Harris, Budget Director
Jose Jimenez, Older Americans Act Supervisor
Maharshi Wijetunge, Internal Audit Staff

Office of the Auditor General

Christian Cortés, Audit Manager

Borschneck, Pelletier & Co.

Paul Pelletier, Partner

The Department on Aging's responses to the recommendations were provided by Mr. Nicholas Barnard, Chief Internal Auditor, in correspondences dated May 16, 2019, June 6, 2019, June 13, 2019, and June 14, 2019. The Department of Healthcare and Family Services' responses to Findings 2018-001 through 2018-003 were provided by Ms. Theresa Eagleson, Director, in a correspondence dated May 17, 2019. The Department of Human Services' responses to Findings 2018-001 through 2018-003 were provided by Ms. Amy Deweese, Chief Internal Auditor, in a correspondence dated May 17, 2019. The Department of Children and Family Services' responses to Findings 2018-001 through 2018-003 were provided by Mr. Joe McDonald, Associate Deputy Director, in a correspondence dated May 17, 2019.

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

Honorable Frank J. Mautino
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 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, 2018. The management of the State of Illinois, Department on Aging is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department on Aging's compliance based on our examination.

- A. The State of Illinois, Department on Aging 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 State of Illinois, Department on Aging 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 State of Illinois, Department on Aging 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 State of Illinois, Department on Aging 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 State of Illinois, Department on Aging on behalf of the State or held in trust by the State of Illinois, Department on Aging 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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Department on Aging complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence

about whether the State of Illinois, Department on Aging complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department on Aging's compliance with specified requirements.

Our examination disclosed the following material noncompliance with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. As described in items 2018-001 through 2018-003 in the accompanying schedule of findings, the State of Illinois, Department on Aging did not comply with requirement C regarding the Department on Aging's role in the State's Medicaid Program. As described in item 2018-004 in the accompanying schedule of findings, the State of Illinois, Department on Aging did not comply with requirements A, B, and C regarding enhanced rate payments to Community Care Program service providers. As described in item 2018-005 in the accompanying schedule of findings, the State of Illinois, Department on Aging did not comply with requirement C relative to maintenance of records of interagency agreements. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department on Aging to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the material noncompliance described in the preceding paragraph, the State of Illinois, Department on Aging complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed other 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 items 2018-006 through 2018-016.

The State of Illinois, Department on Aging's responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Department on Aging's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department of Healthcare and Family Services', Department of Human Services', and Department of Children and Family Services' responses to Findings 2018-001 through 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services', Department of Human Services', and Department of Children and Family Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Department on Aging 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 State of Illinois, Department on Aging's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances 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 the State of Illinois, Department on Aging's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department on Aging's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in 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 over compliance, 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 items 2018-001 through 2018-005 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance 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 items 2018-006 through 2018-016 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 State of Illinois, Department on Aging's responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Department on Aging's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department of Healthcare and Family Services', Department of Human Services', and Department of Children and Family Services' responses to the internal control findings identified in Findings 2018-001 through 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services', Department of Human Services', and Department of Children and Family Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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, 2018 and June 30, 2017 in Schedules 1 through 5 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, 2018 and June 30, 2017 accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016 accompanying supplementary information in Schedules 3 through 5 and the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Kankakee, IL

June 14, 2019

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program

The Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to execute adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT). Specifically, management of the Departments did not enter into interagency agreements (IA) defining each agency’s roles and responsibilities, and did not perform essential project management functions over the implementation of IMPACT.

Project Background

Throughout calendar years 2012-2015, the Departments and the State of Michigan’s Department of Community Health (DCH) began studying possible modifications to Michigan’s existing Medicaid Management Information System (MMIS) to allow Illinois to share it and its related infrastructure with the goal being to eventually replace HFS’ outdated MMIS to accommodate the processing of the State of Illinois’ Medicaid provider enrollment determinations and all Medicaid claim payments to such providers. In 2015, HFS and DCH signed an intergovernmental agreement formally establishing IMPACT. The implementation of IMPACT was scheduled to be rolled out in three phases. Phase 1 was placed in service in November 2013 and March 2014, and encompassed providing financial assistance for the development and implementation of the Electronic Health Record Medicaid Incentive Payment Program (eMIPP) module. Phase 2 was placed in service in July 2015, and encompassed the development and the implementation of the Provider Enrollment (PE) module. The PE module was designated by HFS to be the State of Illinois’ book of record for the eligibility determinations of providers offering services for and on-behalf of the State of Illinois’ Medicaid recipients. Both the eMIPP and PE modules interface with the existing State of Illinois’ MMIS, and are the basis for which providers are determined eligible to provide Medicaid services and receive Medicaid claim payments. Phase 3 includes the final development and implementation stages of IMPACT and was scheduled to be placed in service in calendar year of 2018; however, implementation had not taken place as of the end of fieldwork. HFS staff stated IMPACT is not ready to accommodate the managed-care-rate payment structure and is currently targeted to be placed in service in March 2020. According to filings with the U.S. Department of Health & Human Services, the IMPACT project was expected to cost the State of Illinois approximately \$103 million. As of September 30, 2018, after only implementing two phases of the project, HFS had expended over \$50 million with the largest part of the system conversion outstanding. As of the end of fieldwork, HFS has increased the original budget to approximately \$173 million.

HFS’ and Delegated Agencies’ Roles

As set by the State of Illinois’ State Plan under Title XIX of the *Social Security Act* (State Plan) (Section 1.1), the State’s designated agency responsible for administering and supervising the administration of the Medicaid Program is HFS. However, Section 1.1 of the State Plan also allows for HFS to delegate specific functions to other State entities to assist with the administration of the Medicaid Program, pursuant to a written IA defining

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program (Continued)

each agency's roles and responsibilities. During testing, the auditors identified the following delegated agencies, which will be referred to as HFS' Delegated Agencies, and examples of the Medicaid services they provide which utilizes IMPACT for enrollment of their providers. DHS administers several human service programs under the Medicaid Program, including developmental disabilities support services, rehabilitation services, and substance abuse (prevention and recovery) services. DCFS administers the State's child welfare program which includes cooperating in the establishment of Medicaid eligibility for children who are wards of the State. DoA administers the State's programs for residents aged 60 and older, including Home and Community Based Services to Medicaid recipients who meet Community Care Program requirements.

Auditor Testing and Results

In order to determine if the Departments complied with federal and State laws, rules, and regulations when they developed, implemented, and operated IMPACT, the auditors reviewed the Departments' applicable policies and procedures governing IMPACT. The testing identified the following material weaknesses in internal control:

- The Departments did not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program.
- While DHS utilized IMPACT to formally approve providers for the purposes of granting payments of their Medicaid claims, it did not utilize IMPACT as its book of record or rely on it to verify the providers met certain federal requirements. In this instance, the book of record means the mandatory system designated by HFS to be used for the tracking of the State's activities, events, or decisions when approving or denying the enrollment of Medicaid providers. When the auditors inquired of DHS as to why it did not retain the documentation within IMPACT to support its determination of enrollment, DHS management stated it chose to maintain the supporting documentation outside of IMPACT as it could not rely on IMPACT.
- When the auditors inquired of DCFS and DoA as to what their processes were regarding the use of IMPACT, they both stated they did not use IMPACT after formally approving the providers for the purpose of granting payments of their Medicaid claims. They both believed HFS was doing the subsequent review of, and maintenance of, provider enrollment information for them. After asking HFS to confirm if DCFS' and DoA's statements were accurate, HFS management stated that was not the case and both DCFS and DoA had the responsibility to subsequently review their providers' eligibility for enrollment in the Medicaid program.
- The Departments implemented IMPACT despite the inability of IMPACT to allow Illinois officials to generate customary and usual system internal control reports, including such information as provider data, security measures, or updates made to IMPACT. The Departments must go through the third party service provider (TSP) in order to obtain any reports needed by the State.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program (Continued)

- Based on testing of the documented procedures governing IMPACT, the auditors noted the following:
 - the procedures only addressed the actions that should have been taken by HFS and did not include the procedures to be followed or taken by the Delegated Agencies;
 - the procedures contained contradictory provisions; and,
 - the procedures did not depict the actual actions taken by HFS staff during the examination period.
- The Departments failed to establish and maintain adequate general information technology controls over IMPACT. (See Finding 2018-002 for further details.)
- The Departments had inadequate project management over the implementation of IMPACT. According to the Intergovernmental Agreements, Amendments, and Statements of Work signed between HFS and the TSP, who maintains and hosts IMPACT, the TSP was to provide HFS various deliverables throughout the implementation of the project for its timely review and approval. During testing of the deliverables required to be provided, the auditors noted the following:
 - HFS did not receive 9 of the 60 (15%) required deliverables,
 - For 39 of the 51 (76%) deliverables received, there was no supporting documentation to demonstrate HFS had approved them, and
 - One of the 51 (2%) deliverables received, the PE Implementation Plan, was noted as “draft”. As a result, HFS does not have supporting documentation to show it received and approved the “final” version of the deliverable. The purpose of the PE Implementation Plan was to define the overall approach for the implementation of the PE module of IMPACT.
- As a result of inadequate project management, the Departments did not implement adequate security controls over IMPACT. (See Finding 2018-002 for further details)
- The Departments did not design and establish an adequate internal control structure over provider enrollment determination *such that sufficient and appropriate evidence, maintained in a paperless format, existed to support each provider met various compliance requirements at the time when the Departments determined each provider’s eligibility.* Further, management at the Departments failed to adequately monitor manual provider enrollment determinations, as (1) staff did not consistently document their review of the provider applications in accordance with HFS’ Process Checklists and (2) HFS did not establish a system of supervisory reviews of work performed by staff. (See Finding 2018-003 for further details.)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program (Continued)

Auditing standards applicable to financial audits and compliance examinations contained in the *Government Auditing Standards* issued by the Comptroller General of the United States Sections 1.01-1.02 state:

The concept of accountability for use of public resources and government authority is key to our nation's governing processes. Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, ethically, and equitably within the context of the statutory boundaries of the specific government program. As reflected in applicable laws, regulations, agreements, and standards, management and officials of government programs are responsible for providing reliable, useful, and timely information for transparency and accountability of these programs and their operations. Legislators, oversight bodies, those charged with governance, and the public need to know whether (1) management and officials manage government resources and use their authority properly and in compliance with laws and regulations; (2) government programs are achieving their objectives and desired outcomes; and (3) government services are provided effectively, efficiently, economically, ethically, and equitably.

Further, the Code of Federal Regulations (2 C.F.R. § 200.303), *Internal Controls*, requires the Departments to: (1) establish and maintain effective internal control over the Medicaid Program to provide reasonable assurance that the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions; and (2) comply with federal statutes, regulations and terms and conditions of the Medicaid Program. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In addition, the Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable laws; (2) obligations and costs are in compliance with applicable laws; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted information technology guidance endorses the implementation of project management techniques to certify computer system development activities meet management's objectives.

The Departments' management indicated the above control deficiencies were due to the limited reporting capabilities of IMPACT and employee oversight.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program (Continued)

Failure to execute IAs and failure to perform essential project management functions could expose the State to unnecessary and avoidable litigation, approval of ineligible providers, excessive expenditures, over-reliance on contractors, and could result in a system that does not meet the needs of the State and the individuals dependent on the State for Medicaid services. In addition, the Departments' lack of due diligence in performing project management responsibilities has contributed to a significant increase in project timeline and associated costs. (Finding Code No. 2018-001)

RECOMMENDATION

We recommend management of the Departments execute detailed IAs which define the roles and responsibilities of each agency regarding the Medicaid Program. The IAs should sufficiently address necessary procedures to enforce monitoring and accountability provisions over IMPACT as required by the Code of Federal Regulations, the State Plan, and the Act so the enrollment of providers offering services to recipients of the Medicaid program is carried out in an effective, compliant, efficient, and economical manner. We further recommend the Departments obtain and review/approve the remaining deliverables from the TSP and, in the future, the Departments should establish adequate controls over project management for the development and implementation of major projects, such as IMPACT.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. The above control deficiencies were due to management not prioritizing creation of new interagency agreements in line with the new system and performing quality checks of employee performance.

HFS currently has interagency agreements with the agencies processing provider medical claims through HFS. HFS will update these agreements to include the roles and responsibilities of each agency that is using the Provider Enrollment module of the IMPACT system as necessary.

The Department processes payments for deliverables and contractual obligations via invoice vouchers which include the statement "I certify that the goods or services specified on this voucher were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred; that such goods or services meet all the required standards set forth in the purchase agreement or contract to which this voucher relates; and that the amount shown on this voucher is correct and is approved for payment. If applicable, the reporting requirements of Section 5.1 of the Governor's Office of Management and Budget Act have been met." The invoice vouchers are signed by the receiving officer, head of unit and agency head. All deliverables were received, reviewed and paid in accordance with State requirements; however, this particular contract outlined additional requirements for deliverable approval and the Department could not provide all items due to staff

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program (Continued)

turnover. Additional processes were implemented in response to a previous audit finding related to this same issue; however, the deliverables and approvals noted by the auditor during this audit pre-date the new process that was implemented.

AUDITOR'S COMMENT TO DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

As noted above, the Department had not received all the required deliverables, therefore, the auditors are unclear as to how the Department of Healthcare and Family Services could have reviewed and paid for all contract deliverables in accordance with the State requirements.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) agrees with the recommendation. DHS will work with the Department of Healthcare and Family Services (HFS) to execute a detailed Intergovernmental Agreement (IGA) which defines the roles and responsibilities of each agency to enforce monitoring and accountability provisions over IMPACT as required. In addition, DHS will work with HFS to establish adequate controls over project management for the development and implementation of major projects, such as IMPACT.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES' RESPONSE

The Department of Children and Family Services (DCFS) agrees with the auditor's recommendation. DCFS looks forward to discussions and will work towards executing agreement(s) that will define its role, responsibilities and cooperation with other State agencies with regard to IMPACT and the State's Medicaid Program.

DEPARTMENT ON AGING'S RESPONSE

The Illinois Department on Aging (IDoA) partially agrees with the finding. IDoA believes that HFS, as the State Medicaid Agency, should be the Agency that initiates an Interagency Agreement (IA) with the operating agencies. However, the Department will coordinate with HFS to enter into an IA related to IMPACT.

IDoA disagrees with other elements of the finding. IDoA is a limited user within IMPACT, having just one employee who accesses the system. In the third bullet, the finding states that IDoA believes HFS was completing subsequent review of provider enrollment information. IDoA has controls in place that are used when a provider is certified by the Department. These controls are outside of IMPACT and are performed in accordance with IDoA rules to become a provider for the Department. IDoA is not party to the enrollment information review. The Department, in accordance with internal rules and ultimately its Medicaid Waiver, certifies providers for programs

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-001 **FINDING** Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions Over Provider Enrollment in the Medicaid Program (Continued)

administered by the Department. Additionally, IDoA doesn't classify providers as Medicaid or not, IDoA classifies participants in their programs.

There are elements of the finding, such as receipt of deliverables, security controls, and policies and procedures that would not be items that would exist within IDoA. When an IA is entered into with HFS, IDoA will focus on including items in the IA that would affect the way that the system is currently utilized and controls necessary to certify to HFS that IDoA is fulfilling their responsibility as it relates to IMPACT.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-002 **FINDING** Inadequate General Information Technology Controls Over IMPACT

The Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to execute adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT). Specifically, the Departments did not establish and maintain general information technology controls (general IT controls) over IMPACT which was developed to document and monitor provider enrollment for those providers offering services to recipients of the Medicaid Program administered throughout the State of Illinois.

Auditors’ Note: In this finding, we want to point out to the reader that the testing was mostly conducted at and through HFS, as it is the State’s designated Medicaid agency and has the ultimate responsibility for administering and supervising the Medicaid Program. However, as described in Finding 2018-001, HFS is allowed to and has delegated certain responsibilities to other State agencies to carry out the Medicaid Program. In addition, each of the listed above State agencies expends and/or receives a material amount of federal and State dollars which is accounted for in either its entity-wide financial statements or is essential to the auditors opining on its compliance assertions. Finally, when reviewing documentation of the development and implementation of IMPACT, the auditors identified that management of both HFS and the delegated State agencies took part in the discussions. As a result of this reasoning and the material weaknesses in internal control noted in Finding 2018-001 that describe managements’ failure to formally outline each of the State agencies’ responsibilities, the auditors believe there is a shared fiduciary responsibility to guarantee the Medicaid services administered at each of the listed State agencies are provided in accordance with federal and State laws, rules, and regulations and that management of each of the State agencies failed to perform those essential fiduciary responsibilities.

Auditor Testing and Results

During testing, the auditors noted the Departments did not have access to or control over IMPACT and its infrastructure. IMPACT and its infrastructure is hosted by and maintained through a third party service provider (TSP). As a result, the auditors were unable to perform adequate procedures to satisfy themselves that certain general IT controls (i.e. security over the environment, disaster recovery assurance, and change management procedures) over IMPACT were operating effectively during the examination period. The TSP did not obtain or provide the Departments with a System and Organization Control (SOC) report, which would provide the State and the auditors information on the design and effectiveness of internal control over IMPACT.

Security over Illinois Users Testing

As part of the examination process, the auditors requested HFS provide the population of all State staff who had access to IMPACT. Although HFS provided a population, documentation demonstrating the completeness and accuracy of the population could not be provided. HFS stated it could not provide the necessary documentation, as the TSP controls it. Due to these conditions, the auditors were unable to conclude that

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-002 **FINDING** Inadequate General Information Technology Controls Over IMPACT
(Continued)

the population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.35).

Even given the population limitations noted above, the auditors tested a sample of State users who had access to IMPACT. The testing revealed the following:

- 28 of the 49 (57%) users tested had access rights to IMPACT as of June 30, 2018, however, it was noted the users had in fact terminated employment prior to June 30, 2018; and,
- Due to both 1) the lack of reporting functionality within IMPACT and 2) the Departments not requesting the TSP to develop and provide ad hoc reports, the Departments' management did not perform access reviews on an ongoing basis during the examination period.

As a result of the Departments' failure to establish appropriate security controls over IMPACT, the auditors cannot determine if IMPACT and the State's data contained within the system are adequately protected from unauthorized access and accidental or intentional destruction or alteration.

Edits Testing

As part of the examination process, the auditors requested HFS provide the population of all active edits from IMPACT. In response to this request, HFS provided the Detailed System Design Document (DSDD). Upon reviewing the 359 individual documents which comprised the DSDD, the auditors noted the DSDD did not contain a concerted listing of active edits, as the documents outlined the overall system design assuming all edits would be implemented. The testing revealed not all of the design features included in the DSDD had been implemented. Further, in order to use the DSDD for population purposes, the auditors would have to have the knowledge as to which "edits" were active and which were not during the examination period.

An edit check, or test, checks data entered into a system for validity before it is processed. It is commonly used by businesses, organizations, and agencies that need to perform numerous checks on information before it is passed along to someone who can process the data. An edit check can verify the eligibility of applicants or claims. Submissions that fail an edit check often are returned so that they can be corrected. As the Departments were unable to provide a complete listing of active edits, the auditors cannot test them to determine if they are functioning properly, which would provide some assurance that the data in IMPACT is accurate and in accordance with applicable laws, rules, and regulations governing providers of services for the Medicaid Program of the State.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-002 **FINDING** Inadequate General Information Technology Controls Over IMPACT
(Continued)

Disaster Recover Testing

In response to the auditors requests to review the Departments' disaster recovery plan related to IMPACT, HFS provided a preliminary Business Continuity Plan which was noted as a "draft" version; and therefore, had not been finalized and approved by HFS management.

The auditors also requested documentation demonstrating the Departments had conducted disaster recovery activities during the examination period. HFS provided the State of Michigan's Department of Health and Human Services, NGDICloudDisaster Recovery Report (Report), dated October 26, 2017. The auditors' review of the Report noted the following weaknesses as it related to the State of Illinois's portion of IMPACT:

- A significant amount of information had been redacted; therefore, the auditors were unable to determine the extent of the disaster recovery exercise and its relationship to Illinois data.
- The Departments had neither reviewed the Report nor been involved in the actual recovery exercise.

In addition, the auditors requested documentation regarding the backup (including due diligence in ensuring backups were successfully generated) of the Departments' IMPACT data; however, HFS management stated, per the intergovernmental agreement, the State of Michigan is responsible for providing the State of Illinois with sufficient storage for operations and backups, along with establishing the disaster recovery environment.

As a result of the Departments' failure to obtain, review, and fully understand the TSP's disaster recovery controls, including guaranteeing backups were successfully completed, and because the auditors were not able to determine the extent of the TSP's disaster recovery exercise as it related to Illinois' data covered by the Report, the auditors believe the Departments failed to adequately protect IMPACT and the State's data against the possibility of major disruptions of services and loss of data, and the auditors are unable to determine if IMPACT and the State's data were adequately protected during the examination period.

Change Management

As a result of the Departments' failure to obtain a SOC report, as noted above, or conduct their own timely independent internal control reviews over how changes were made by the TSP to IMPACT and its environment, the auditors are unable to determine that changes made to IMPACT during the examination period were proper and approved.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-002 **FINDING** Inadequate General Information Technology Controls Over IMPACT
(Continued)

The Code of Federal Regulations (42 C.F.R. §95.621(f)(1)), *Automated Data Processing (ADP) System Security Requirements*, requires State agencies to be responsible for the security of all ADP projects under development, and operational systems involved in the administration of the U.S. Department of Health & Human Services programs. State agencies are required to determine the appropriate security requirements based on recognized industry standards or standards governing security of federal ADP systems and information processing.

Generally accepted information systems technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses the development of well-designed and well-managed controls to protect computer systems and data, and endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe. Generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems. Effective change management procedures reduce the risk of unauthorized, improper, or erroneous changes to computer systems.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Departments' management indicated the above control deficiencies were due to limited reporting capabilities of IMPACT and employee oversight.

As a result of the Departments' failure to obtain, review, and fully understand the TSP's general IT controls as it related to IMPACT and because the auditors were not able to determine the adequacy of the TSP's general IT controls over IMPACT, the auditors are not able to rely on IMPACT with respect to testing of provider eligibility and related compliance requirements over the enrollment of providers and subsequent payments made to approved providers who provide services to recipients of the State's Medicaid Program. (Finding Code No. 2018-002)

RECOMMENDATION

We recommend management of the Departments implement adequate internal control over the implementation and design of IMPACT, including regular reviews of user access rights, reviews of edit checks on data integrity, disaster recovery activities, and change management procedures.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-002 **FINDING** Inadequate General Information Technology Controls Over IMPACT
(Continued)

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. The above control deficiencies were due to management not prioritizing negotiating appropriate documentation from its third-party service provider (TSP) and the differences in audit requirements between the two states.

IMPACT provider enrollment and the electronic Medicaid Incentive Payment Program (eMipp) were implemented in a modular fashion from the rest of the IMPACT Core Medicaid Management Information System (MMIS) functionality. The modular implementation did not include a reporting tool for general reports. When the core IMPACT MMIS components are fully implemented these reports will exist and will be available to Illinois state staff to generate on demand. However, while the Department is still operating in production with the two live modules only, Illinois will obtain these reports from the third-party service provider and periodically review user access.

Illinois is sharing, with the TSP, a single code base with two separate instances of the database. For provider enrollment there is a change management process that is in place for making changes to the IMPACT code base. There are Tier 1 and Tier 2 approvals from Illinois before any changes are made. Illinois recognizes there was no System and Organization Controls (SOC) report obtained from the TSP. In lieu of a SOC report, the TSP will be sharing a copy of the TSP Centers for Medicare and Medicaid Services Security Assessment Report when it is completed. The Department will continue to work with the TSP to obtain documentation to support general IT controls are adequate. The disaster recovery tests performed for the Illinois provider enrollment and eMipp servers will be obtained and reviewed by the Department on a routine basis.

AUDITOR'S COMMENT TO DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department states the State of Illinois and the State of Michigan have different audit requirements which resulted in part to the noted deficiencies. When being audited, both States are considered governmental entities whose auditing standards are set forth by the American Institute of Certified Public Accountants (AICPA) and the United States Government Accountability Office (GAO). In the case of IMPACT, for the State of Illinois, IMPACT is hosted and maintained by a TSP. As a result, the Departments are required to obtain a SOC report or perform another type of independent review over the system's general IT internal control (as mentioned in the above finding). For the State of Michigan, IMPACT is hosted and maintained by the State itself and, therefore, the State of Michigan is not required to obtain a SOC report or perform another type of independent review over IMPACT's general IT internal controls as the State of Michigan has control over it. In summary, as required by auditing standards, the State of Illinois needs an independent review over IMPACT's general IT internal control and the State of Michigan does not.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-002 **FINDING** Inadequate General Information Technology Controls Over IMPACT
(Continued)

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services agrees with the recommendation. DHS will work with the Department of Healthcare and Family Services (HFS) to implement adequate internal controls over the implementation and design of IMPACT.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES' RESPONSE

The Department of Children and Family Services (DCFS) accepts this finding and will cooperate with HFS in determining what, if any, responsibilities related to the auditor's recommendation apply to DCFS and will ensure those responsibilities are defined in the interagency agreement referenced in Finding 2018-001. DCFS will develop processes or procedures to comply with the roles and responsibilities defined in the agreement.

DEPARTMENT ON AGING RESPONSE

The Illinois Department on Aging (IDoA) disagrees with the applicability of this finding to IDoA. The finding asserts that internal controls over the implementation and operation of the system were lacking. IDoA does not have any purview over implementation or operation of the system and therefore has no responsibility in establishing and maintaining general information technology controls over the system.

AUDITOR'S COMMENT TO DEPARTMENT ON AGING'S RESPONSE

As noted in Finding 2018-001, the Departments do not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program. Until such time as the Departments define the roles and responsibilities of each agency, we are unable to determine which agency is responsible for what actions.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations

The Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to design and implement adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT) sufficient to prevent inaccurate determinations and approvals of provider enrollment for those providers offering services to recipients of the Medicaid Program administered throughout the State. Specifically, the auditors noted the Departments did not sufficiently review and document approval for provider enrollments and, as a result, did not maintain all necessary documentation supporting provider enrollment approvals.

Auditors’ Note: In this finding, we want to point out to the reader that the testing was mostly conducted at and through HFS, as it is the State’s designated Medicaid agency and has the ultimate responsibility for administering and supervising the Medicaid Program. However, as described in Finding 2018-001, HFS is allowed to and has delegated certain responsibilities to other State agencies to carry out the Medicaid Program. In addition, each of the listed above State agencies expends and/or receives a material amount of federal and State dollars which is accounted for in either its entity-wide financial statements or is essential to the auditors opining on its compliance assertions. Finally, when reviewing documentation of the development and implementation of IMPACT, the auditors identified that management of both HFS and the delegated State agencies took part in the discussions. As a result of this reasoning and the material weaknesses in internal control noted in Finding 2018-001 that describe managements’ failure to formally outline each of the State agencies’ responsibilities, the auditors believe there is a shared fiduciary responsibility to guarantee the Medicaid services administered at each of the listed State agencies are provided in accordance with federal and State laws, rules, and regulations and that management of each of the State agencies failed to perform those essential fiduciary responsibilities.

The Departments implemented the Provider Enrollment module of IMPACT in July 2015 for the intake and processing of applications in order to determine enrollment for providers offering services to recipients of the Medicaid Program administered throughout the State.

Auditor Testing and Results

Quality/Supervisory Reviews Not Conducted

The auditors noted the Departments do not have a process for supervisors to perform, at least on a sample basis, quality reviews of the activities performed by staff to obtain independent evidence that staff members are acting within the scope of their authority and that transactions and events comport with management’s expectations.

Population Completeness

The auditors requested HFS management to provide the population of all provider applications approved during Fiscal Year 2018. Although HFS provided a population,

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations (Continued)

it could not provide documentation demonstrating the completeness and accuracy of the population. Due to these conditions, the auditors were unable to conclude the population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.35).

Even given the population limitations noted above, the auditors performed testing on a sample of the approved provider applications from the population provided.

Detail Sample Testing

Based on the population provided by HFS, during Fiscal Year 2018, the Departments approved 27,886 provider applications. In order to determine if the providers' applications were approved in accordance with federal and State laws/rules/regulations, a sample of 138 approved applications were selected for testing. The testing of the 138 provider files revealed that 26 of the provider files contained multiple exceptions, 74 provider files contained 1 exception, and 38 of the provider files contained no exceptions. The specific exceptions noted are as follows:

- Seventy of the 138 (51%) provider files sampled were for providers who requested the applicable Department to backdate their eligibility beginning dates. The testing revealed that all 70 (100%) of those provider files did not contain documentation of the applicable Department's exception for allowing the backdating of eligibility for the providers. As a result, it could not be determined if the backdating of eligibility, and the subsequent payments made by the State for the providers' retroactive billings, were proper.

The *Medicaid Provider Enrollment Compendium* notes it is incumbent on the Departments to mitigate the risk of an improper enrollment, as payments for the backdated period are improper unless an exception applies.

- Forty-two of the 138 (30%) provider files sampled did not contain documentation or comments of the applicable Department's staff review of the providers' required professional licenses to confirm the licenses were valid at the time the application was approved. After the initial testing results were provided to the Departments, the Departments were subsequently able to provide the auditors with documentation demonstrating that each of the 42 providers were appropriately licensed at the time of application.

The Code of Federal Regulations (Code) (42 C.F.R. § 455.412 (a)) requires the Departments to have a method for verifying that any provider claiming to be licensed in accordance with the laws of any State is licensed by such State.

In addition, HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires Department staff reviewing licenses to document their

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations (Continued)

review of ensuring the licenses were valid and current in the comments section in IMPACT.

- Nine of the 138 (7%) provider files sampled contained a license or certification which had an open ended expiration date. As such, when the provider file was compared to the monthly screenings, IMPACT registered an error that the provider was not properly licensed/certified at that specific point in time. The auditors noted the provider file did not contain documentation to demonstrate Department staff followed up on the results of these matches to verify enrollment when the review was performed by staff. After the initial testing results were provided to the Departments, the Departments were subsequently able to provide the auditors with documentation demonstrating that each of the nine providers were appropriately licensed/certified during the examination period.

The Code (42 C.F.R. § 455.412 (b)) requires the Departments to confirm the provider's license has not expired and that there are no current limitations on the provider's license/certification. In addition, HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires the end date for required licenses/certifications to be current in IMPACT.

- Four of the 138 (3%) provider files sampled did not contain documentation of the applicable permanent professional license(s). The providers' profile contained the applicable temporary professional license(s) which had expired. As such, when the provider file was compared to the monthly screenings, IMPACT registered an error that the provider was not properly licensed since the temporary license(s) was expired. The auditors noted the provider file did not contain contemporaneous documentation to demonstrate Department staff followed up on the results of these matches to verify proper licensure. After the initial testing results were provided to the Departments, the Departments were subsequently able to provide the auditors with documentation demonstrating that each of the four providers were appropriately licensed during the examination period.

The Code (42 C.F.R. § 455.412 (b)) requires the Departments to confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

- One of the 138 (1%) provider files sampled indicated a significant risk existed that the provider had been sanctioned; however, the Department lacked contemporaneously prepared documentation the provider was appropriately approved after the sanction was reviewed and disposed of by either a supervisor or HFS' Office of the Inspector General (OIG). As a result, the auditors cannot determine if the provider was appropriately approved.

HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires Department staff to send applications with sanctions to their supervisor or the OIG for review and determination.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations (Continued)

- One of the 138 (1%) provider files sampled, who would provide transportation services, did not contain documentation that the provider's driver's license was reviewed to confirm it was valid and current at the time of approval. As a result, the auditors cannot determine if the provider was appropriately approved.

HFS' Handbook for Providers of Medical Services, Chapter 100, General Policy and Procedures requires IMPACT to verify the driver's license to determine validity at a specific point in time.

- One of the 138 (1%) provider files sampled showed the provider had the potential to be deceased as a result of IMPACT's database checks; however, the provider file did not contain documentation to demonstrate Department staff followed up on the error to determine if the provider was in fact deceased. After the initial testing results were provided to the Departments, the Departments were subsequently able to provide the auditors with documentation demonstrating that the provider was not deceased and properly approved.

HFS' Approval Process Document, applicable to Atypical Individuals and Individuals, requires Department staff to manually review all screening results that return a 90% or less precision match. The precision rate percentage of less than 100% indicates that when the provider entered its information into IMPACT to enroll in the Medicaid program, the information entered did not match certain attributes in the IMPACT verification process.

- One of the 138 (1%) provider files sampled showed "no results were found" when the IMPACT screenings were performed on the provider; however, the provider file did not contain documentation to demonstrate Department staff followed up on the results prior to verifying enrollment. As a result, the auditors cannot determine if the provider was appropriately approved.

HFS' Approval Process Document, applicable to Atypical Individuals and Individuals, requires Department staff to review the results of all screenings. Any screenings that are documented as invalid are to be manually verified.

- In addition to the testing of the 138 provider applications and their related files, the auditors tested information systems which interfaced with IMPACT during the examination period. The testing revealed that for the months of December 2017, January 2018, and February 2018, none of the provider profiles were checked against the National Council for Prescription Drug Program (NCPDP) database to determine if the applicable licenses and certifications were valid and current, as required.

The Code (42 C.F.R. § 455.436 (c)(1)) requires the Departments to consult appropriate databases to confirm identity upon enrollment and reenrollment. In addition, the Code (42 C.F.R § 455.450 (a)(3)) requires the Departments to conduct database checks on a pre-and post-enrollment basis to ensure that

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations (Continued)

providers continue to meet the enrollment criteria for their provider type, in accordance with § 455.436.

In response to these matters, HFS officials indicated IMPACT's current functionality does not include a module which would allow for the retention of electronic records reviewed by staff.

The Code (2 C.F.R. § 200.303) requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include establishing procedures to ensure internal controls over eligibility determinations to ensure only eligible providers receive payments under federal programs at the time the expenditure is made. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Departments to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law. Inherent within this requirement is showing, at the time when eligibility was determined and payments were made, the Departments had documentation showing the provider was eligible to participate.

In addition, the Code (42 C.F.R. § 431.17) requires the Departments to maintain records necessary for the proper and efficient operations of the State's Medicaid Plan.

Finally, the State Records Act (5 ILCS 160/8) requires the Departments 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 of persons directly affected by the agency's activities.

The Departments were not able to quantify the amount of billings, including retroactive billings, paid to these providers, for each impacted State agency. As a result, the auditors were not able to assess the potential misstatement of financial statements caused by unsupported retroactive billings and other noncompliance with the Code.

Inadequate controls over the operation of IMPACT, such as insufficient review and approval of provider enrollment information, may result in providers being inaccurately determined eligible, the State expending federal and State funds for which provider enrollment has not been adequately demonstrated or documented, and may result in future expenditures to providers who are ineligible to provide services to recipients of the State's Medicaid Program. Noncompliance with federal laws and regulations could lead to denied claims, sanctions and/or loss of future federal funding and result in misstatement of agency financial statements. (Finding Code No. 2018-003)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations (Continued)

RECOMMENDATION

We recommend management of the Departments improve controls to better ensure Department staff and supervisors are properly obtaining, reviewing, and retaining documentation in IMPACT to support Medicaid provider enrollment. As a part of improved controls, we recommend the Departments increase the level of staff training and oversight.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) partially accepts the recommendation.

The IMPACT system requires staff to review and update any information that cannot be systematically verified. The system does not currently include functionality which allows staff to retain electronic records reviewed by staff; however, the system does retain an audit trail which indicates the portion of the system that has been updated along with a date, time and employee stamp. The Department could substantiate that staff updated the portion of the record requiring manual review as required. The Department provided post audit documentation to substantiate all providers were eligible during the time they were approved. The Department, however, did not maintain an electronic copy of the documentation manually reviewed. HFS will improve controls by instituting a quality assurance program that tests whether staff are reviewing appropriate documentation and using the system appropriately. This will target any needs for additional training and oversight.

AUDITOR'S COMMENT TO DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department contends they provided post audit documentation to demonstrate all providers were eligible during the time they were approved. However, as noted above, the Department did not provide documentation that seventy providers requesting the Department to backdate their eligibility beginning date had a documented exception to allow for the backdating as required by the *Medicaid Provider Enrollment Compendium*.

In addition, the Department did not provide documentation demonstrating, as required by their own process: (1) a provider had a proper driver's license; (2) proper followup action was taken for any provider who was a significant risk of having a sanction; and (3) proper followup action was taken for any provider who yielded no screening results.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) agrees with the recommendation. DHS will work with the Department of Healthcare and Family Services (HFS) to improve controls to ensure DHS staff and supervisors are properly obtaining, reviewing and

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-003 **FINDING** Insufficient Review and Documentation of Provider Enrollment Determinations (Continued)

retaining documentation in IMPACT to support provider enrollment. As part of improved controls, DHS will also work with HFS to increase oversight and staff training where necessary.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES' RESPONSE

The Department of Children and Family Services (DCFS) accepts this finding, and will cooperate with HFS in determining what, if any, responsibilities related to the auditors recommendation apply to DCFS and will ensure those responsibilities are defined in the interagency agreement referenced in Finding 2018-001. DCFS will develop processes or procedures to comply with the roles and responsibilities defined in the agreement.

DEPARTMENT ON AGING'S RESPONSE

The Illinois Department on Aging (IDoA) disagrees with the finding as it relates to IDoA. The Department maintains an All Willing and Qualified (AWAQ) certification process for all providers in the Community Care Program. That process certifies providers to be qualified under the programmatic and administrative requirements outlined in Administrative Rule. Only after the certification process is complete and an agreement to provide services to participants has been executed is a provider's information entered into IMPACT to either be located in the system or added as a Community Care Program provider.

There is no part of the certification process at IDoA that utilizes IMPACT. All provider monitoring is performed at the Department and outside IMPACT.

AUDITOR'S COMMENT TO DEPARTMENT ON AGING'S RESPONSE

As noted in Finding 2018-001, the Departments do not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program. Until such time as the Departments define the roles and responsibilities of each agency, we are unable to determine which agency is responsible for what actions.

With regards to the process noted by DoA, we understand the Department performs the AWAQ certification process for its providers in the Community Care Program outside of IMPACT. However, as also noted in Finding 2018-001, IMPACT is the State's designated book of record for providers certified in the Medicaid Program.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-004 **FINDING** Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers

The 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.

The Illinois Act on Aging (20 ILCS 105/4.02) requires the Department to pay an enhanced rate under the Community Care Program to those in-home providers that offer health insurance coverage as a benefit to their direct service worker employees consistent with the mandates of Public Act 095-0713. For Fiscal Year 2018, the enhanced rate was \$1.77 per hour (previously \$1.61 per hour). For the two fiscal years under examination, the Department paid providers approximately \$78 million for the enhanced rate payments.

The auditors tested the documentation submitted during the two years ended June 30, 2018 and noted six of eleven (55%) providers tested in each fiscal year did not submit verification from an independent certified public accountant of the actual, documented expense for health insurance during the providers' fiscal year. In addition, one of the providers did not submit a Direct Service Worker Health Insurance Certification (DSWHIC) during Fiscal Year 2017.

According to the Illinois Administrative Code (Code) (89 Ill. Adm. Code 240.1970), 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 providers' fiscal year. Any excess payments received over the amount spent for health insurance must be returned to the Department.

Department officials stated the issues noted were due to providers not submitting the proper documentation and the Department having insufficient resources in the Fiscal Office to follow up with providers.

Failure to ensure accuracy and completeness of eligibility determinations and verification of expenses can lead to provider overpayments. Failure to timely obtain, maintain, and review DSWHIC forms increases the risk that incorrect or excessive enhanced payments will not be prevented or detected. (Finding Code No. 2018-004, 2016-001, 2014-001, 12-01, 10-01)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-004 **FINDING** Inadequate Controls and Monitoring Over Enhanced Rate Payments Made to Community Care Program Service Providers (Continued)

RECOMMENDATION

We recommend the Department strengthen controls to ensure that initial and ongoing reviews of eligibility and annual reporting for the enhanced reimbursement rate are conducted and documented in a timely manner, and in accordance with the Code. We also recommend the Department obtain reimbursement from providers if determined to be ineligible.

DEPARTMENT RESPONSE

The Department concurs and will work to ensure that initial and ongoing reviews of eligibility and annual reporting of enhanced reimbursement rates are conducted and documented timely.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-005 **FINDING** Inadequate Internal Controls Over Interagency Agreements

The Department on Aging (Department) has not maintained a complete list of interagency agreements.

During the examination, the auditors requested the Department provide a list of interagency agreements (IA) that were in effect during the two years ended June 30, 2018. The Department was able to provide copies of certain interagency agreements, but was unable to determine if all agreements in effect during the examination period were included.

Due to these conditions, the auditors were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's interagency agreements. Even given the population limitations noted above which hindered the ability of the accountants to conclude whether a sample selected could be representative of the population, the accountants selected a sample and performed testing without noting any exceptions to the procedures performed.

The State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are used efficiently, effectively and in compliance with applicable law and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department officials stated each division within the Department is responsible for maintaining records related to interagency agreements specific to their division; however, no centralized record of all agreements has been maintained.

Failure to maintain a complete list of all interagency agreements could result in the Department entering into agreements that have conflicting requirements or possibly a duplication of services. Additionally, without the Department providing complete and adequate documentation, the auditors were unable to provide useful and relevant feedback to the General Assembly regarding the Department's interagency agreements. (Finding Code No. 2018-005)

RECOMMENDATION

We recommend the Department implement procedures to compile and maintain a centralized record of all of its interagency agreements.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-005 **FINDING** Inadequate Internal Controls Over Interagency Agreements (Continued)

DEPARTMENT RESPONSE

The Department concurs and agrees that the practice of each division within the Department being responsible for maintaining records related to IAs specific to the area made it difficult to ensure a complete list of all IAs could be provided to the Auditors. The Department has introduced an expectation and revised its practice that all Departments and Bureaus responsible for the execution of IAs will forward an electronic copy of the completed records to the Legal Division for retention so that a list of IAs can be provided to the Auditors in the future.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-006 **FINDING** Inadequate Controls Over Voucher Processing

The Department on Aging (Department) did not have adequate controls over voucher processing.

During the examination, the auditors tested 316 vouchers for expenditures, totaling \$35,085,180, and noted the following:

- 158 (50%) vouchers, totaling \$10,304,398, were approved more than 30 days after receipt of a proper bill. These vouchers were approved for payment from 1 to 714 days late.
- 25 (8%) vouchers, totaling \$1,174,449, where the Department failed to process an additional voucher to pay the vendor required interest, totaling \$126,416.
- 17 (5%) vouchers, totaling \$1,690,864, where the Department processed the interest payment to the vendor for an incorrect amount. Net interest underpaid totaled \$347.
- One voucher, totaling \$709, where the Department was unable to locate the balancing report which evidenced approval of the voucher for payment. Therefore, the auditors were unable to conclude whether the voucher had been approved timely.
- One voucher, totaling \$5,445, was charged to an incorrect fiscal year. The invoice was for product license fees for the period June 19, 2016 to June 18, 2017. This Fiscal Year 2017 voucher was charged to an appropriation which did not include a provision for paying prior year costs.

The Illinois Administrative Code (74 Ill. Adm. Code 900.70(b)) requires State agencies to approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt.

The State Prompt Payment Act (30 ILCS 540/3-2) requires a State Agency to pay an invoice within 90 days after receiving a proper invoice for goods or services that were furnished to the State. If payment is not issued within 90 days, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or 0.033% for each day, after the end of this 90-day period, until final payment is made.

The State Records Act (5 ILCS 160/8) requires the head of each agency ensure records are prepared and maintained which contain documentation of the agency's essential transactions.

Department officials stated the issues were due to staffing shortages and clerical errors. The State's budget impasse resulted in numerous bills not being paid timely.

Inadequate controls over voucher processing and approvals can lead to inaccurate financial reporting and inaccurate prompt payment interest payments to State vendors. (Finding Code No. 2018-006)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-006 **FINDING** Inadequate Controls Over Voucher Processing (Continued)

RECOMMENDATION

We recommend the Department improve its procedures to document the receipt of a proper bill, to timely approve proper bills for payment, and ensure that proper prompt payment interest is paid when required. In addition, documentation should be maintained to support all reviews and approvals. Further, we recommend the Department ensure expenditures are charged to the correct fiscal year.

DEPARTMENT RESPONSE

The Department partially concurs with the finding. The Department will review and update procedures to document the receipt of proper bill date pursuant to Comptroller guidance as well as adequately train new staff.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-007 **FINDING** Failure to Submit and Post Reports

The Department on Aging (Department) failed to submit and post required reports.

Annual Report

The State Finance Act (30 ILCS 105/3) requires the Department, at least 10 days preceding each regular session of the General Assembly, make and deliver to the Governor an annual report of the Department's acts and doings for the fiscal year ended in the previous calendar year.

During testing, the auditors noted a report posted on the Department's website that was identified as the Department's Fiscal Year 2016 Annual Report. The auditors noted the report included a printed date of November 2017. The auditors also noted a report posted on the Department's website that was identified as the Department's Fiscal Year 2017 Annual Report. The auditors noted this report included a printed date of December 2018. Based on these printed dates, these annual reports were not submitted timely to the Governor.

Community Care Program Annual Report

During review of the Department's website, the auditors noted the Publications section containing the previously mentioned annual reports made reference to the reports being a requirement of Public Act 081-0202. However, the auditors' research indicated the annual report requirement of Public Act 081-0202 relates to the Community Care Program (CCP) which is included in the Illinois Act on the Aging (Act) (20 ILCS 105/4.02). The Act requires the Department and the Department of Human Services (DHS) to cooperate in the development and submission of an annual report of programs provided under this section. Such annual report is to be filed with the Governor and the General Assembly on or before September 30 of each year. The auditors noted no evidence the Department had prepared, submitted or posted the CCP Annual Reports during the examination period.

Further, the General Assembly Organization Act (25 ILCS 5/3.1) requires an agency to submit its required reports to specified members within the General Assembly and make available for a reasonable time on its website all reports that are required to be submitted to the General Assembly by law or resolution.

Department officials stated the language posted on its website referencing the annual reports as being required by Public Act 81-202 is likely inaccurate. The Department did not timely submit the reports and did not prepare CCP Annual Reports in collaboration with the Department of Human Services due to oversight.

Failure to file, submit, and post annual reports results in noncompliance with the Illinois Compiled Statutes and reduces available information to those parties that may be used in making budget and policy decisions. (Finding Code No. 2018-007, 2016-002, 2014-003, 12-05, 10-09, 08-09, 06-11)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-007 **FINDING** Failure to Submit and Post Reports (Continued)

RECOMMENDATION

We recommend the Department implement internal controls to ensure compliance with reporting requirements contained in the Acts.

DEPARTMENT RESPONSE

The Department partially concurs with the finding. There is not currently a report specific only to CCP. Additionally, DHS would not be involved if there were, as CCP is a Department on Aging program. The Department believes there was guidance to consolidate duplicative work years ago and that is why the reference to the Public Act was noted on the Department website. The Annual Report that is prepared by the Department has a review of CCP included in it and the language related to the Public Act has since been removed.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-008 **FINDING** Failure to Develop a Program to Identify the Special Needs and Problems of Minority Senior Citizens

The Department on Aging (Department) failed to develop a program to identify the special needs and problems of minority senior citizens as required by the Illinois Act on the Aging (Act).

The Act (20 ILCS 105/4.06) requires the Department to develop a program to identify the special needs and problems of minority senior citizens, to coordinate services for minority senior citizens through the Department of Public Health, the Department of Healthcare and Family Services, and the Department of Human Services, to develop procedures to enhance and identify availability of services and promulgate administrative rules to establish the responsibilities of the Department, and jointly develop and submit an annual report with the Department of Public Health, the Department of Healthcare and Family Services, and the Department of Human Services before September 30 of each year.

During testing, the Department stated they do not have a program specifically targeting minority senior citizens, have not promulgated any administrative rules to establish the responsibilities of the Department related to minority senior citizens, and have not coordinated services specific to minority senior citizens with the other named departments.

The auditors also examined the Serving Minority Seniors annual report and noted the portion of the report related to the Department provides demographic information about the Department's various programs but does not provide information on programs and services provided under this section of the Act. The auditors also noted the annual reports were compiled and submitted by September 30 (15 months following completion of the State's fiscal year).

Department officials stated they have outreach and marketing efforts which target minority senior citizens to make them aware of available programs. The Department is able to collect data on race and ethnicity, however, there is no program specifically for minority senior citizens.

Failure to a) develop a program to identify the special needs and problems of minority senior citizens, b) coordinate services for minority senior citizens through the Department of Public Health, the Department of Healthcare and Family Services, and the Department of Human Services, c) develop procedures to enhance and identify availability of services and promulgate administrative rules to establish the responsibilities of the Department, and d) jointly develop and submit an annual report with the Department of Public Health, the Department of Healthcare and Family Services, and the Department of Human Services before September 30 of each year on the programs and services provided under this section of the Act, represents noncompliance with the Act. (Finding Code No. 2018-008)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-008 **FINDING** Failure to Develop a Program to Identify the Special Needs and Problems of Minority Senior Citizens (Continued)

RECOMMENDATION

We recommend the Department comply with the Act or seek a statutory revision.

DEPARTMENT RESPONSE

The Department partially concurs with the finding. The Department operates a 1915(c) Medicaid Waiver which allows for all individuals who meet functional and financial eligibility requirements to receive Community Care Services. The Community Care Program supports all minority seniors, however, as stated above, if older adults meet the eligibility requirements then the individuals are provided services. Additionally, 89 Illinois Administrative Code 270.136 says that responsibilities of the Area Agencies on Aging (AAA) include to coordinate existing services to meet the special needs and circumstances of minority senior citizens. The Department believes that the spirit of the mandate is met by the services of the AAA's and the CCP.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-009 **FINDING** Failure to Make a Grant

The Department on Aging (Department) failed to make a grant to an institution of higher learning.

In the previous examination, the auditors noted the Illinois Act on the Aging (Act) (20 ILCS 105/4.01(14)) requires the Department to make a grant to an institution of higher learning to study the feasibility of establishing and implementing an affirmative action employment plan for the recruitment, hiring, training and retraining of persons 60 or more years old for jobs for which their employment would not be precluded by law; however, the Department did not request appropriation on their Illinois Legislative Narrative Statement during Fiscal Years 2015 and 2016, and therefore, did not make such grant. In the current examination period, the Department did not request an appropriation to make the grant for Fiscal Years 2017 or 2018. Instead, the Department sought legislative remedy and House Bill 5081 was introduced to remove the requirement to make the grant; however, the bill was referred to the Rules Committee in February 2018 and has remained there.

Department officials stated the Department has sought a legislative remedy, but the General Assembly has not passed the necessary legislation.

Failure to make a grant to an institution of higher learning to study the feasibility of establishing and implementing an affirmative action employment plan will not allow growth and evovement in training and employing persons over 60 years old. (Finding Code No. 2018-009, 2016-004)

RECOMMENDATION

We recommend the Department make the grant required by the Act or continue to seek a legislative remedy to the current statutory requirement.

DEPARTMENT RESPONSE

The Department partially concurs and will seek legislative remedy which will change the legislation to reflect on the current programmatic functions. Since the mandate in this finding was put into law many changes have occurred in labor programs. The Workforce Innovations and Opportunity Act (WIOA) (Public Law 113-28) was signed into law in 2014. The Senior Community Service Employment Program (SCSEP) Title V, 20 CFR Part 641 is administrated by the IL Department on Aging and works closely with the Workforce Innovations and Opportunity Act (WIOA) to meet the needs of seniors throughout IL. SCSEP is a training program designed to assist the mature worker (age 55+) in re-entering the job market. WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Therefore, a grant to a higher institution of learning for the purposes of implementing an affirmative action employment plan would be redundant, unnecessary and a duplication of established employment training programs. Additionally, this type of grant would have to be competitively bid and there is no guarantee that such a grant would be won by an institute of higher learning.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-010 **FINDING** Inadequate Monitoring of Grantees and Service Providers

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

During testing of 20 grantees and 20 Community Care Program service providers, which received \$278,429,278 from the Department during the fiscal years tested, the auditors noted that the Department had not received annual audit reports for 3 (15%) of the 20 grantees and 1 (5%) of the 20 service providers. The 3 grantees received \$109,502 from the Department for the individual programs tested and \$43,549,585 in total payments (inclusive of all programs) for the fiscal year tested. The service provider received \$278,585 from the Department for the individual program tested and \$758,111 in total payments (inclusive of all programs) for the fiscal year tested.

The Illinois Administrative Code (89 Ill. Admin. Code 240.1520(k)) requires Community Care Program service providers to submit annual audit reports to the Department within six months of their fiscal year-end. Each of the grant agreements require the grantee to submit an audit to the Department within 180 days after the end of the audit period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law and 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.

Department officials stated the issue noted was due to staffing shortages in the Fiscal Office.

Failure to properly monitor service providers through timely receipt and review of service providers' audit reports decreases the Department's accountability over these expenditures and increases the risk of noncompliance with the provisions of the contracts with grantees and service providers. (Finding Code No. 2018-010, 2016-008)

RECOMMENDATION

We recommend the Department strengthen their controls for monitoring of grantees and service provider activities by following-up on delinquent audit reports in order to determine whether the funds were utilized in accordance with the purpose of the program.

DEPARTMENT RESPONSE

The Department concurs and will implement stronger monitoring controls of grantees and service provider activities.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-011 **FINDING** Inadequate Controls Over State Property

The Department on Aging (Department) did not exercise adequate control over the recording and reporting of State Property.

The auditors noted the following during the review of the Department's equipment records:

- For 1 of 25 (4%) equipment items selected for testing, a desk with a recorded value of \$1,052, did not have a property control tag affixed to the item. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.210) states agencies are responsible for marking each piece of State-owned equipment in their possession to indicate that it is the property of the State of Illinois. In addition, equipment with a value of \$500 or more and equipment that is subject to theft with a value less than \$500 must be marked with a unique identification number to be assigned by the agency holding the property.
- For 7 of 25 (28%) equipment items selected for observation, totaling \$3,489, the items were not able to be located, and therefore could not be observed. These items have not been removed from the Department's inventory listing as of June 30, 2018. The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.
- For 4 of 10 (40%) equipment disposals tested, totaling \$31,037, the Department did not include the proper information on the CMS Surplus Property Delivery Form (Form). The Form lacked the acquisition cost and purchase dates of these items. The Agencies receiving transferred equipment are required by the Code (44 Ill. Adm. Code 5010.230) to include the date of purchase and purchase price on its records; therefore, the transferring agency must include this information in the spaces provided on the Form.
- For 5 of 10 (50%) equipment disposals tested, totaling \$32,152, the items were not removed from the inventory listing in a timely manner. These items were sent to surplus from August 26, 2016 to October 18, 2016 and were not removed from the Department's property control records until February 17, 2017, between 92 and 145 days late. The Code (44 Ill. Adm. Code 5010.400) states that agencies shall adjust property records within 30 days of acquisition, change or deletion of equipment items.
- The Department did not report any equipment additions that occurred in Fiscal Years 2017 or 2018 on its quarterly Agency Report of State Property reports (Form C-15). The auditors examined the Department's voucher records and determined \$2,505 of equipment purchases should have been reported as additions during the examination period. The auditors also noted the Department entered into a capital lease for 3 copiers with a reportable value totaling \$20,349, which were also not reported on the Form C-15s. The Statewide Accounting Management System (SAMS) (Procedure 29.10.30) requires the Department to include on the Form C-15 all assets with an individual value of \$500 or more and all items with a value of less than \$500

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-011 **FINDING** Inadequate Controls Over State Property (Continued)

that are highly susceptible to theft. The State Property Control Act (30 ILCS 605/6.02) was amended during the examination period, effective January 1, 2018, and raised the threshold to \$1,000.

- The auditors noted 79 of 1,486 (5%) equipment items in the Department's inventory listing did not include a purchase date or purchase price. The Code (44 Ill. Adm. Code 5010.230) states the date of purchase and purchase price must be entered on all agency records and provided by the agencies for the Department of Central Management Services (DCMS) Property Control Division records. As a result of these assets being recorded in the inventory listing with no purchase dates, the auditors were unable to determine a population of equipment additions for the two years ended June 30, 2018. The State Records Act (5 ILCS 160/9) requires agencies to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records.
- During the examination period, the Department sent 16 computers to the State Surplus. The Department was unable to produce any documentation of the hard drives on these computers being wiped prior to being sent to the State Surplus. The Data Security on State Computers Act (20 ILCS 450/20) requires the Department to establish a system for the protection and preservation of State data on State-owned electronic data processing equipment necessary for the continuity of government functions upon it being relinquished to a successor executive administration.

Department officials stated the noted issues were due to a lack of staffing resources and competing priority assignments for available staff in the Fiscal Office.

Failure to exercise adequate control over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. Inaccurate and untimely property reporting reduces the reliability of Statewide property information. Failure to properly wipe data from computer hard drives puts potentially sensitive data at risk of being compromised. (Finding Code No. 2018-011, 2016-010)

RECOMMENDATION

We recommend the Department strengthen internal controls over the recording and reporting of State property by reviewing their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. In addition, the Department should ensure all equipment is accurately and timely recorded on the Department's property records. Further, the Department should improve its controls over the documentation of wiping computer hard drives prior to sending them to the State Surplus.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-011 **FINDING** Inadequate Controls Over State Property (Continued)

DEPARTMENT RESPONSE

The Department concurs. Stronger procedures and controls will be implemented.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-012 **FINDING** Failure to Maintain Accounts Receivable Records

The Department on Aging (Department) failed to maintain detailed documentation of the accounts receivable reported on its Quarterly Summary of Accounts Receivable – Accounts Receivable Activity (Form C-97), Quarterly Summary Accounts Receivable – Aging of Total Gross Receivables (Form C-98) and Quarterly Summary of Accounts Receivable – External Collections Activity for Accounts Over 180 Days Past Due (Form C-99) reports submitted to the Illinois Office of the Comptroller (IOC).

The auditors tested 4 of the quarterly accounts receivable related reports the Department filed with the IOC during the examination period. The Department reported gross receivables of \$1,155,000 for the General Revenue Fund on each of the reports. The Department was unable to provide any detailed records to support the information on the quarterly reports. The same \$1,155,000 was also reported as accounts receivable as of June 30, 2016 in the previous examination report.

The Statewide Accounting Management System (SAMS) (Procedure 26.30.10) requires State agencies to report receivable information with the IOC quarterly on Form C-97, Form C-98, and Form C-99. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001(4)) requires the Department to establish and maintain a system of internal fiscal controls to provide assurance that funds are properly accounted for and maintain accountability over the State's resources. The State Records Act (5 ILCS 160/8) requires the head of each agency to cause to be made and preserved records containing adequate and proper documentation of the essential transactions of the agency designed to furnish information and protect the financial rights of the State.

Department officials stated the Department has not specifically identified who the recorded receivables are due from because of insufficient staffing in the Fiscal Office and other competing priorities.

Failure to maintain documentation of the Department's accounts receivable could lead to the failure to properly collect amounts owed to the State and results in noncompliance with the Acts noted above. (Finding Code No. 2018-012)

RECOMMENDATION

We recommend the Department locate the related records and make reasonable collection efforts. If the documentation cannot be found, the Department should request permission to remove the receivables from its records. In addition, we recommend the Department strengthen procedures and allocate necessary resources to properly report accounts receivable.

DEPARTMENT RESPONSE

The Department concurs and will work with the Attorney General and proper Department staff for permission to write off old receivables.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-013 **FINDING** Failure to Review Major Systems Within a Two Year Period

The Department on Aging's (Department) program of internal auditing was unable to review all major systems within a two year period as required by the Fiscal Control and Internal Auditing Act (Act).

During testing, the auditors noted the Department's Chief Internal Auditor (CIA) position was vacant from September 30, 2016 through April 16, 2017. As a result of the vacancy and having no additional internal audit staff during essentially the entire examination period, all systems were not reviewed during the two year period.

The Act (30 ILCS 10/2001(a)) requires the Department maintain a full-time program of internal auditing. Further, the Act (30 ILCS 10/2003(a)(2)) requires the Department's Executive Director to ensure the internal auditing program includes audits of major systems of internal accounting and administrative controls so that all major systems are reviewed at least once every two years.

Department officials stated the CIA position was vacant between October 1, 2016 and April 16, 2017. Therefore, the Department did not have the necessary personnel to perform the duties required under the Act during the two year period.

Failure to maintain a full time program of internal auditing results in some major systems of internal accounting and administrative controls not being reviewed during the two year period and results in noncompliance with the Act, weakens the Department's assessment of its overall internal control environment and increases the risk that an effective system of internal controls may not be maintained. (Finding Code No. 2018-013, 2016-011, 2014-007)

RECOMMENDATION

We recommend the Department maintain a properly staffed program of internal auditing and ensure all major systems of internal accounting and administrative controls are reviewed at least once every two years as required by the Act.

DEPARTMENT RESPONSE

The Department concurs with the finding. A staff person was hired in June 2018. The Chief Internal Auditor will include all major systems to be reviewed as priorities in the next audit plan.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-014 **FINDING** Failure to Complete Performance Evaluations

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

The auditors reviewed 40 employee personnel files and noted four (10%) employee files did not contain a completed performance evaluation for at least one of the fiscal years under examination.

The Code (80 Ill. Adm. Code 302.270) requires a certified employee to be evaluated not less often than annually.

Department officials stated the uncompleted employee evaluations were due to insufficient resources available to track evaluations not completed.

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 represents noncompliance with the Code. (Finding Code No. 2018-014, 2016-007, 2014-002, 12-4)

RECOMMENDATION

We recommend the Department improve their procedures to ensure employee performance evaluations are completed timely.

DEPARTMENT RESPONSE

The Department concurs with the finding and has already made significant strides in reducing the number of evaluations that were missed over previous audit periods, it intends to acquire and implement use of a Human Resources Information System (HRIS) already used at several other State of Illinois agencies. This system allows for evaluations to be recorded as a personnel transaction, making it easier to determine when evaluations are missing or late and intervening, as necessary.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-015 **FINDING** Failure to Enter into Agreement with Other State Agencies

The Department on Aging (Department) failed to enter into an agreement with other State agencies and provide information necessary to transmit member data under the Electronic Registration Information Center Membership Agreement.

Effective June 1, 2015, the Election Code (10 ILCS 5/1A-45(b-5)) requires the Department to enter into an agreement with the State Board of Elections, the Department of Human Services, the Department of Healthcare and Family Services, and the Department of Employment Security to require each department to provide the State Board of Elections with any information necessary to transmit member data under the Electronic Registration Information Center Membership Agreement. The director or secretary, as applicable, of each agency shall deliver this information on an annual basis to the State Board of Elections pursuant to the agreement between the entities.

During testing, the auditors noted the Department did not enter into an agreement with the required agencies.

Department officials stated they contacted the State Board of Elections and expressed its concerns stating although State and Federal laws allow the Department to share data for limited purposes, voter registration is not an allowed purpose. The Department of Elections concurred stating such an agreement would be superfluous and not necessary.

Failure to enter into an agreement with the other State agencies represents noncompliance with the Election Code and inhibits the transmission of crucial member data to the State Board of Elections. (Finding Code No. 2018-015, 2016-003)

RECOMMENDATION

We recommend the Department comply with the Election Code or seek a legislative remedy.

DEPARTMENT RESPONSE

The Department disagrees with the finding. As noted by the General Counsels of the State Board of Elections (SBE) and the Department, various federal and state law limitations prevent the Department from sharing information with the State Board of Elections. Therefore, a data sharing agreement would be superfluous. As a result, the Department and SBE did not enter into a data sharing agreement that would be unenforceable. Further, the citation noted above in the finding refers to the Election Code and the Department would not be able to seek legislative remedy to that mandate.

AUDITOR'S COMMENT

Public Act 98-1171 created a new section in the Election Code [10 ILCS 5/1A-45] to require the State Board of Elections to enter into an agreement with the Electronic Registration Information Center (ERIC) for the purpose of maintaining a statewide voter registration database. As a condition of the State's membership agreement with ERIC, the State is to share identification records contained in databases maintained

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-015 **FINDING** Failure to Enter into Agreement with Other State Agencies (Continued)

by the Secretary of State (SOS), the Department of Human Services (DHS), the Department of Healthcare and Family Services (HFS), the Department on Aging (Aging), and the Department of Employment Security (DES). Fields unrelated to voter eligibility, such as income or health information, are specifically excluded. In furtherance of this requirement, subsections (b) (with regard to the SOS) and (b-5) (with regard to DHS, DHFS, Aging and DES) explicitly direct each of these State agencies to enter into an agreement with the State Board of Elections to provide the required information. Public Act 98-1171 was effective June 1, 2015.

If the Department believes that there are conflicts in State law that inhibit its duty to cooperate with the State Board of Elections, or if it believes cooperation with the State Board of Elections is prohibited under federal law or regulations, the Department should seek a legislative remedy to either resolve the conflict or eliminate the requirement.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
CURRENT FINDINGS
For the Two Years Ended June 30, 2018**

2018-016 **FINDING** Failure to Enter into Agreement with the State Board of Elections

The Department on Aging (Department) failed to enter into a finalized agreement with the State Board of Elections.

During testing, the auditors noted the Department did not have a finalized agreement with the State Board of Elections.

Effective June 1, 2015, the Illinois Act on the Aging (Act) (20 ILCS 105/4.02) requires the Director of the Department to make information available to the State Board of Elections as may be required by an agreement the State Board of Elections has entered into with a multi-state voter registration list maintenance system.

Department officials stated they contacted the State Board of Elections and expressed its concerns stating although State and Federal laws allow the Department to share data for limited purposes, voter registration is not an allowed purpose. The Department of Elections concurred stating such an agreement would be superfluous and not necessary.

Failure to enter into agreement and provide information to the State Board of Elections prevents the information from being part of the multi-state voter registration list and results in noncompliance with the Act. (Finding Code No. 2018-016, 2016-012)

RECOMMENDATION

We recommend the Department comply with the Act or seek a legislative remedy.

DEPARTMENT RESPONSE

The Department disagrees with the finding. As noted by the General Counsels of the State Board of Elections (SBE) and the Department, various federal and state law limitations prevent the Department from sharing information with the State Board of Elections. Therefore, a data sharing agreement would be superfluous. As a result, the Department and SBE did not enter into a data sharing agreement that would be unenforceable. The Department did add a link to Board of Elections on its website where license plate discounts are applied for.

AUDITOR'S COMMENT

Public Act 98-1171 amended the Illinois Act on the Aging to require the Department on Aging to "make information available to the State Board of Elections as may be required by an agreement the State Board of Elections has entered into with a multi-state voter registration list maintenance system." [20 ILCS 105/4.02] Public Act 98-1171 was effective June 1, 2015.

If the Department believes that there are conflicts in State law that inhibit its duty to cooperate with the State Board of Elections, or if it believes cooperation with the State Board of Elections is prohibited under federal law or regulations, the Department should seek a legislative remedy to either resolve the conflict or eliminate the requirement.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2018**

A. **FINDING** Failure to Implement an Electronic Method to Transmit Documentation

During the prior examination, the Department failed to implement an electronic method to transmit documentation from long-term care facilities and community providers contained within the Interagency Certification of Screening Results completed by pre-screeners.

During the current examination, the Department had not implemented an electronic method to transmit documentation; however, Public Act 100-0665 which became effective on August 2, 2018, revised the requirement and delayed the implementation due date until 2019. (Finding Code No. 2016-005)

B. **FINDING** Failure to Implement Registry

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

During the current examination, the auditors noted the Department developed the Registry and promulgated rules (89 Ill. Admin. Code 270.400 et seq.) for the Registry which became effective on July 1, 2018. (Finding Code No. 2016-006)

C. **FINDING** Inadequate Controls Over GAAP Reporting

During the prior examination, 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 the current examination, the auditors testing indicated the GAAP reporting forms submitted by the Department agreed to the Department's records. (Finding Code No. 2016-009)

D. **FINDING** Failure to Perform Reconciliations

During the prior examination, the Department did not reconcile the Department's receipt records with those of the Office of the Comptroller (Comptroller).

During the current examination, the auditors noted the Department did perform reconciliations of its receipt records with the records of the Comptroller. (Finding Code No. 2016-013)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF FINDINGS
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2018**

E. **FINDING** Lack of Contingency Planning or Testing to Ensure Recovery of Computer Systems

During the prior examination, it was noted the Department's Disaster Recovery Plan had not been updated since March 2012 and did not reflect the current environment. Additionally, testing had not been conducted and essential recovery information had not been provided to the Department of Central Management Services.

During the current examination, the auditors' testing indicated improvements had been made. However, the auditors did note immaterial conditions of noncompliance, which will be reported in the Department's *Report of Immaterial Findings*. (Finding Code No. 2016-014, 2014-008)

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2018
 - Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2017
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):
 - Department Functions and Planning Program (Not Examined)
 - Analysis of Significant Variations in Expenditures (Not Examined)
 - Analysis of Significant Variations in Receipts (Not Examined)
 - Analysis of Significant Lapse Period Spending (Not Examined)
 - Analysis of Accounts Receivable (Not Examined)
 - Budget Impasse Disclosures (Not Examined)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
 - Interest Costs on Fiscal Year 2017 Invoices (Not Examined)
 - Average Number of Employees (Not Examined)
 - Annual Cost Statistics (Not Examined)
 - Memorandums of Understanding (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)
 - Schedule of Indirect Cost Reimbursements (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2018 and June 30, 2017 accompanying supplementary information in Schedules 1 through 5. However, the accountants do not express an opinion on the supplementary information. The accountant's 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 2018

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/01-10/31/18	Total Expenditures 16 Months Ended 10/31/18	Balances Lapsed 10/31/18
<u>Public Act 100-0021</u>					
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operations					
Personal Services	\$ 4,284,200	\$ 3,867,956	\$ 147,279	\$ 4,015,235	\$ 268,965
State Contributions to Social Security	327,800	285,222	10,915	296,137	31,663
Contractual Services	2,222,600	519,006	39,998	559,004	1,663,596
Travel	280,300	19,951	2,232	22,183	258,117
Commodities	22,600	7,748	1,423	9,171	13,429
Printing	40,700	20,032	20,170	40,202	498
Equipment	19,000	615	1,530	2,145	16,855
Electronic Data Processing	3,107,600	1,127,207	913,531	2,040,738	1,066,862
Telecommunications	253,100	40,528	146,415	186,943	66,157
Operation of Auto Equipment	9,500	9,367	35	9,402	98
Elder Abuse and Neglect Act	22,600,000	12,047,999	2,626,444	14,674,443	7,925,557
Senior Employment Specialist Program	190,300	103,509	68,899	172,408	17,892
Grandparents Raising Grandchildren Program	300,000	133,250	108,217	241,467	58,533
Home Delivered Meals (formula and non-formula)	21,800,000	21,800,000	-	21,800,000	-
Specialized Training Program	475,000	38,027	42,572	80,599	394,401
Monitoring and Support Services	182,000	12,933	7,220	20,153	161,847
Illinois Council on Aging	28,000	989	741	1,730	26,270
Senior Helpline	2,608,700	1,477,006	85,908	1,562,914	1,045,786
Benefits, Eligibility, Assistance and Monitoring	419,400	252,361	31	252,392	167,008
Administrative Expenses of the Senior Meal Program	40,000	1,379	12	1,391	38,609
Awards and Grants					
Retired Senior Volunteer Program	551,800	390,548	96,745	487,293	64,507
Planning and Service Grants to Area Agencies on Aging	7,548,300	7,548,300	-	7,548,300	-
Foster Grandparent Program	241,400	185,773	51,412	237,185	4,215
Long-Term Care Systems Development	273,800	145,652	126,480	272,132	1,668
Community Based Services to Area Agencies on Aging	1,751,200	1,751,200	-	1,751,200	-

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

Schedule 1
(Continued)

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/01-10/31/18	Total Expenditures 16 Months Ended 10/31/18	Balances Lapsed 10/31/18
<u>Public Act 100-0021</u>					
Community Care Program	\$ 199,900,000	\$ 69,434,798	\$ 66,046,571	\$ 135,481,369	\$ 64,418,631
Comprehensive Case Coordination	64,100,000	45,605,131	6,026,158	51,631,289	12,468,711
Colbert Consent Decree	34,900,000	24,266,083	3,348,321	27,614,404	7,285,596
Rate Increase - CCP	49,973,000	-	-	-	49,973,000
Ombudsman Program	4,000,000	3,296,080	13,156	3,309,236	690,764
	<u>422,450,300</u>	<u>194,388,650</u>	<u>79,932,415</u>	<u>274,321,065</u>	<u>148,129,235</u>
TOTAL GENERAL REVENUE FUND - 001					
 SENIOR HEALTH INSURANCE PROGRAM FUND - 396					
Operations					
Senior Health Insurance Program	<u>2,500,000</u>	<u>1,462,164</u>	<u>48,616</u>	<u>1,510,780</u>	<u>989,220</u>
	<u>2,500,000</u>	<u>1,462,164</u>	<u>48,616</u>	<u>1,510,780</u>	<u>989,220</u>
TOTAL SENIOR HEALTH INSURANCE PROGRAM FUND - 396					
 SERVICES FOR OLDER AMERICANS FUND - 618					
Operations					
Expenses of Senior Meal Program	120,300	79,820	6,120	85,940	34,360
Older Americans Training	100,000	40,846	3,050	43,896	56,104
Discretionary Government Projects	4,000,000	1,397,045	381,078	1,778,123	2,221,877
Training and Conference Planning	150,000	74,053	78	74,131	75,869
Administrative Expenses of Title V Grant	300,000	132,199	5,654	137,853	162,147
Awards and Grants					
Grants for Adult Food Care Program	200,000	85,592	29,177	114,769	85,231
Grants for Employment Services	4,000,000	2,273,773	327,360	2,601,133	1,398,867
Grants for Social Services	22,000,000	13,691,754	1,531,405	15,223,159	6,776,841

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

Schedule 1
(Continued)

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/01-10/31/18	Total Expenditures 16 Months Ended 10/31/18	Balances Lapsed 10/31/18
<u>Public Act 100-0021</u>					
National Lunch Program	\$ 2,000,000	\$ 1,658,024	\$ 340,489	\$ 1,998,513	\$ 1,487
National Family Caregiver Support Program	7,000,000	4,978,548	420,395	5,398,943	1,601,057
Prevention of Elder Abuse, Neglect and Exploitation	500,000	177,558	14,739	192,297	307,703
Long Term Care Ombudsman Services for Older Americans	1,000,000	585,408	29,173	614,581	385,419
Preventive Health	1,000,000	710,697	52,013	762,710	237,290
Nutrition Services Incentive Program	7,000,000	5,272,792	511,390	5,784,182	1,215,818
Congregate Meals Program	18,000,000	11,597,785	974,555	12,572,340	5,427,660
Home Delivered Meals Program	14,000,000	7,084,470	745,942	7,830,412	6,169,588
Total Operations & Awards and Grants	81,370,300	49,840,364	5,372,618	55,212,982	26,157,318
<u>Division of Finance and Administration</u>					
Personal Services	298,000	224,073	13,790	237,863	60,137
State Contribution to State Employees' Retirement System	161,000	114,176	6,534	120,710	40,290
State Contributions to Social Security	22,800	16,226	1,002	17,228	5,572
Group Insurance	177,800	60,507	3,611	64,118	113,682
Contractual Services	100,000	53,178	31,597	84,775	15,225
Travel	65,000	4,172	-	4,172	60,828
Commodities	6,500	-	-	-	6,500
Equipment	10,000	-	-	-	10,000
Telecommunications	100,000	7,898	4,073	11,971	88,029
Operations of Auto Equipment	10,000	-	1,484	1,484	8,516
Total Division of Finance and Administration	951,100	480,230	62,091	542,321	408,779

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

Schedule 1
(Continued)

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/01-10/31/18	Total Expenditures 16 Months Ended 10/31/18	Balances Lapsed 10/31/18
<u>Public Act 100-0021</u>					
Division of Home and Community Services					
Personal Services	\$ 438,000	\$ 313,075	\$ 12,868	\$ 325,943	\$ 112,057
State Contribution to State Employees' Retirement System	236,600	159,679	6,098	165,777	70,823
State Contributions to Social Security	33,500	23,108	950	24,058	9,442
Group Insurance	144,000	63,781	2,641	66,422	77,578
Contractual Services	50,000	1,280	-	1,280	48,720
Travel	100,000	3,237	1,042	4,279	95,721
Total Division of Home and Community Services	<u>1,002,100</u>	<u>564,160</u>	<u>23,599</u>	<u>587,759</u>	<u>414,341</u>
TOTAL SERVICES FOR OLDER AMERICANS FUND - 618	<u>83,323,500</u>	<u>50,884,754</u>	<u>5,458,308</u>	<u>56,343,062</u>	<u>26,980,438</u>
 COMMITMENT TO HUMAN SERVICES FUND - 644					
Awards and Grants					
Community Care Program	<u>619,000,000</u>	<u>618,793,538</u>	<u>203,004</u>	<u>618,996,542</u>	<u>3,458</u>
TOTAL COMMITMENT TO HUMAN SERVICES FUND - 644	<u>619,000,000</u>	<u>618,793,538</u>	<u>203,004</u>	<u>618,996,542</u>	<u>3,458</u>
 LONG TERM CARE OMBUDSMAN FUND - 698					
Operations					
Long Term Care Ombudsman	<u>2,600,000</u>	<u>1,077,044</u>	<u>15,837</u>	<u>1,092,881</u>	<u>1,507,119</u>
TOTAL LONG TERM CARE OMBUDSMAN FUND - 698	<u>2,600,000</u>	<u>1,077,044</u>	<u>15,837</u>	<u>1,092,881</u>	<u>1,507,119</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

Schedule 1
(Continued)

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/01-10/31/18	Total Expenditures 16 Months Ended 10/31/18	Balances Lapsed 10/31/18
<u>Public Act 100-0021</u>					
TOBACCO SETTLEMENT RECOVERY FUND - 733					
Awards and Grants					
Senior Health Assistance	<u>\$ 1,800,000</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>	<u>\$ 1,800,000</u>	<u>\$ -</u>
TOTAL TOBACCO SETTLEMENT RECOVERY FUND - 733	<u>1,800,000</u>	<u>1,800,000</u>	<u>-</u>	<u>1,800,000</u>	<u>-</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830					
Operations					
Private Partnership Projects Expense	<u>345,000</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>344,975</u>
TOTAL DEPARTMENT ON AGING STATE PROJECTS FUND - 830	<u>345,000</u>	<u>25</u>	<u>-</u>	<u>25</u>	<u>344,975</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 1,132,018,800</u>	<u>\$ 868,406,175</u>	<u>\$ 85,658,180</u>	<u>\$ 954,064,355</u>	<u>\$ 177,954,445</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

Schedule 1
(Continued)

For the Sixteen Months Ended October 31, 2018

	Appropriations (Net After Transfers)	Expenditures Through 6/30/18	Lapse Period Expenditures 7/01-10/31/18	Total Expenditures 16 Months Ended 10/31/18	Balances Lapsed 10/31/18
<u>Public Act 100-0021</u>					
NON-APPROPRIATED LINES					
SENIOR HEALTH INSURANCE PROGRAM FUND - 396					
Refund Federal Grant Funds		\$ 4,639	\$ -	\$ 4,639	
TOTAL SENIOR HEALTH INSURANCE PROGRAM FUND - 396		<u>4,639</u>	<u>-</u>	<u>4,639</u>	
SERVICES FOR OLDER AMERICANS FUND - 618					
Refund for Sub-Recipients		<u>48,144</u>	<u>17,348</u>	<u>65,492</u>	
TOTAL SERVICES FOR OLDER AMERICANS FUND - 618		<u>48,144</u>	<u>17,348</u>	<u>65,492</u>	
TOTAL - ALL NON-APPROPRIATED LINES		<u>52,783</u>	<u>17,348</u>	<u>70,131</u>	
 GRAND TOTAL - ALL FUNDS		 <u>\$ 868,458,958</u>	 <u>\$ 85,675,528</u>	 <u>\$ 954,134,486</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of October 31, 2018 and have been reconciled to the Department's records.

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
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

Schedule 2

For the Fifteen Months Ended September 30, 2017

<u>Public Acts 99-0524, 100-0021 and Court-Ordered Expenditures (C.O.)</u>	Expenditure Authority (Net After Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/01-9/30/17	Total Expenditures 15 Months Ended 9/30/17	Balances Lapsed 9/30/17
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operations					
Personal Services - C.O.		\$ 4,788,826	\$ 234,995	\$ 5,023,821	
State Contributions to Social Security - C.O.		351,806	17,477	369,283	
Elder Abuse and Neglect Act - C.O.		11,490,888	2,363,780	13,854,668	
Senior Employment Specialist Program	\$ 157,700	-	145,908	145,908	\$ 11,792
Grandparents Raising Grandchildren Program	248,500	-	-	-	248,500
Home Delivered Meals (formula and non-formula) - C.O.		17,600,000	-	17,600,000	
Specialized Training Program	264,700	-	35,000	35,000	229,700
Monitoring and Support Services	150,700	-	134,703	134,703	15,997
Illinois Council on Aging	21,500	-	-	-	21,500
Benefits, Eligibility, Assistance and Monitoring	445,700	-	60,000	60,000	385,700
Benefits, Eligibility, Assistance and Monitoring - C.O.		251,418	9,923	261,341	
Statewide Centralized Abuse	26,826,800	-	570,779	570,779	26,256,021
Senior Helpline	131,900	-	60,000	60,000	71,900
Senior Helpline - C.O.		1,655,099	66,144	1,721,243	
Administrative Expenses of the Senior Meal Program - C.O.		27,818	-	27,818	
Administrative Expenses	600	-	-	-	600
Awards and Grants					
Retired Senior Volunteer Program	457,100	-	377,067	377,067	80,033
Planning and Service Grants to Area Agencies on Aging	6,396,100	-	6,396,100	6,396,100	-
Foster Grandparent Program	199,900	-	146,923	146,923	52,977
Long-Term Care Systems Development	226,800	-	225,338	225,338	1,462
Community Based Services to Area Agencies on Aging	1,167,700	-	1,167,700	1,167,700	-
Community Care Program	17,006,500	-	16,971,660	16,971,660	34,840
Community Care Program - C.O.		400,602,669	39,415,960	440,018,629	
Comprehensive Case Coordination	19,399,200	-	19,399,163	19,399,163	37
Comprehensive Case Coordination - C.O.		39,234,793	4,990,637	44,225,430	
Balancing Incentive Program	4,203,400	-	-	-	4,203,400

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017**

Schedule 2
(Continued)

For the Fifteen Months Ended September 30, 2017

<u>Public Acts 99-0524, 100-0021 and Court-Ordered Expenditures (C.O.)</u>	Expenditure Authority (Net After Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/01-9/30/17	Total Expenditures 15 Months Ended 9/30/17	Balances Lapsed 9/30/17
Colbert Consent Decree -C.O. Ombudsman Program	\$ 6,880,900	\$ 16,947,984	\$ 2,922,131	\$ 19,870,115	\$ 6,880,900
Ombudsman Program - C.O.		1,537,037	92,953	1,629,990	
TOTAL GENERAL REVENUE FUND - 001	84,185,700	494,488,338	95,804,341	590,292,679	38,495,359
SENIOR HEALTH INSURANCE PROGRAM FUND - 396					
Operations					
Senior Health Insurance Program	2,200,000	1,373,691	15,652	1,389,343	810,657
TOTAL SENIOR HEALTH INSURANCE PROGRAM FUND - 396	2,200,000	1,373,691	15,652	1,389,343	810,657
SERVICES FOR OLDER AMERICANS FUND - 618					
Operations					
Expenses of Senior Meal Program	120,300	46,582	85	46,667	73,633
Older Americans Training	100,000	8,537	121	8,658	91,342
Discretionary Government Projects	4,000,000	1,492,274	168,311	1,660,585	2,339,415
Training and Conference Planning	150,000	30,448	2,383	32,831	117,169
Administrative Expenses of Title V Grant	300,000	148,185	6,121	154,306	145,694
Awards and Grants					
Grants for Adult Food Care Program	200,000	82,251	23,022	105,273	94,727
Grants for Employment Services	4,000,000	2,787,782	309,992	3,097,774	902,226
Grants for Social Services	22,000,000	14,218,003	1,274,580	15,492,583	6,507,417
National Lunch Program	2,000,000	1,544,529	419,308	1,963,837	36,163
National Family Caregiver Support Program	7,000,000	4,887,648	409,923	5,297,571	1,702,429
Prevention of Elder Abuse, Neglect and Exploitation	500,000	158,046	13,858	171,904	328,096
Long Term Care Ombudsman Services for Older Americans	1,000,000	446,425	48,712	495,137	504,863
Preventive Health	1,000,000	658,009	110,629	768,638	231,362
Nutrition Services Incentive Program	7,000,000	4,394,057	459,927	4,853,984	2,146,016

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017**

Schedule 2
(Continued)

For the Fifteen Months Ended September 30, 2017

<u>Public Acts 99-0524, 100-0021 and Court-Ordered Expenditures (C.O.)</u>	Expenditure Authority (Net After Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/01-9/30/17	Total Expenditures 15 Months Ended 9/30/17	Balances Lapsed 9/30/17
Congregate Meals Program	\$ 18,000,000	\$ 9,627,484	\$ 1,422,159	\$ 11,049,643	\$ 6,950,357
Home Delivered Meals Program	14,000,000	8,482,890	419,451	8,902,341	5,097,659
Total Operations & Awards and Grants	81,370,300	49,013,150	5,088,582	54,101,732	27,268,568
Division of Finance and Administration					
Personal Services	287,600	253,347	10,382	263,729	23,871
State Contribution to State Employees' Retirement System	128,200	113,124	4,630	117,754	10,446
State Contributions to Social Security	20,500	18,635	767	19,402	1,098
Group Insurance	69,000	57,444	2,830	60,274	8,726
Contractual Services	50,000	770	37,614	38,384	11,616
Travel	15,200	362	343	705	14,495
Commodities	6,500	-	-	-	6,500
Equipment	2,000	-	-	-	2,000
Electronic Data Processing	60,000	-	-	-	60,000
Telecommunications	60,000	13,091	10,031	23,122	36,878
Operations of Auto Equipment	2,000	-	26	26	1,974
Total Division of Finance and Administration	701,000	456,773	66,623	523,396	177,604
Division of Home and Community Services					
Personal Services	790,100	395,588	14,353	409,941	380,159
State Contribution to State Employees' Retirement System	352,200	176,956	6,406	183,362	168,838
State Contributions to Social Security	60,400	29,285	1,065	30,350	30,050
Group Insurance	207,000	99,867	3,681	103,548	103,452
Contractual Services	36,000	17,108	18,200	35,308	692
Travel	65,000	4,355	218	4,573	60,427
Total Division of Home and Community Services	1,510,700	723,159	43,923	767,082	743,618
TOTAL SERVICES FOR OLDER AMERICANS FUND - 618	83,582,000	50,193,082	5,199,128	55,392,210	28,189,790

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017**

Schedule 2
(Continued)

For the Fifteen Months Ended September 30, 2017

<u>Public Acts 99-0524, 100-0021 and Court-Ordered Expenditures (C.O.)</u>	Expenditure Authority (Net After Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures 7/01-9/30/17	Total Expenditures 15 Months Ended 9/30/17	Balances Lapsed 9/30/17
COMMITMENT TO HUMAN SERVICES FUND - 644					
Operations					
Senior Employment Specialist Program	\$ 185,500	\$ 181,210	\$ -	\$ 181,210	\$ 4,290
Grandparents Raising Grandchildren	292,500	230,535	-	230,535	61,965
Specialized Training Program	167,400	-	-	-	167,400
Monitoring and Support Services	177,500	2,853	36,460	39,313	138,187
Illinois Council on Aging	25,400	1,339	764	2,103	23,297
Senior Helpline	126,800	51,459	578	52,037	74,763
Benefits, Eligibility, Assistance and Monitoring	880,600	28,750	364	29,114	851,486
Ordinary & Contingent Expenses, No Personal Services	2,000,000	1,030,753	442,280	1,473,033	526,967
Administrative Expenses	1,300	-	-	-	1,300
Awards and Grants					
Retired Senior Volunteer Program	538,000	527,525	-	527,525	10,475
For Area Agencies on Aging	7,529,000	7,529,000	-	7,529,000	-
Foster Grandparent Program	235,400	234,342	-	234,342	1,058
Long-Term Care Systems Development	267,000	267,000	-	267,000	-
Grants for Community Based Services	1,057,400	1,057,400	-	1,057,400	-
Community Care Program	309,374,000	309,161,042	211,454	309,372,496	1,504
Community Care Program	258,000,000	-	257,990,759	257,990,759	9,241
Comprehensive Case Coordination	22,760,800	21,528,029	1,211,523	22,739,552	21,248
Balancing Incentive Program	4,947,800	2,703,389	(3,982)	2,699,407	2,248,393
Ombudsman Program	1,285,100	1,068,823	1,500	1,070,323	214,777
TOTAL COMMITMENT TO HUMAN SERVICES FUND - 644	609,851,500	345,603,449	259,891,700	605,495,149	4,356,351

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017**

Schedule 2
(Continued)

For the Fifteen Months Ended September 30, 2017

<u>Public Acts 99-0524, 100-0021 and Court-Ordered Expenditures (C.O.)</u>	<u>Expenditure Authority (Net After Transfers)</u>	<u>Expenditures Through 6/30/17</u>	<u>Lapse Period Expenditures 7/01-9/30/17</u>	<u>Total Expenditures 15 Months Ended 9/30/17</u>	<u>Balances Lapsed 9/30/17</u>
BUDGET STABILIZATION FUND - 686					
Operations					
Ordinary & Contingent Expenses, No Personal Services	\$ 1,000,000	\$ 975,164	\$ 15,585	\$ 990,749	\$ 9,251
TOTAL BUDGET STABILIZATION FUND - 686	<u>1,000,000</u>	<u>975,164</u>	<u>15,585</u>	<u>990,749</u>	<u>9,251</u>
LONG TERM CARE OMBUDSMAN FUND - 698					
Operations					
Long Term Care Ombudsman	2,600,000	1,150,388	-	1,150,388	1,449,612
TOTAL LONG TERM CARE OMBUDSMAN FUND - 698	<u>2,600,000</u>	<u>1,150,388</u>	<u>-</u>	<u>1,150,388</u>	<u>1,449,612</u>
TOBACCO SETTLEMENT RECOVERY FUND - 733					
Awards and Grants					
Senior Health Assistance	1,600,000	1,600,000	-	1,600,000	-
TOTAL TOBACCO SETTLEMENT RECOVERY FUND - 733	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>	<u>1,600,000</u>	<u>-</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830					
Operations					
Private Partnership Projects Expense	345,000	6,807	-	6,807	338,193
TOTAL DEPARTMENT ON AGING STATE PROJECTS FUND - 830	<u>345,000</u>	<u>6,807</u>	<u>-</u>	<u>6,807</u>	<u>338,193</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 785,364,200</u>	<u>\$ 895,390,919</u>	<u>\$ 360,926,406</u>	<u>\$ 1,256,317,325</u>	<u>\$ 73,649,213</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017**

Schedule 2
(Continued)

For the Fifteen Months Ended September 30, 2017

<u>Public Acts 99-0524, 100-0021 and Court-Ordered Expenditures (C.O.)</u>	<u>Expenditure Authority (Net After Transfers)</u>	<u>Expenditures Through 6/30/17</u>	<u>Lapse Period Expenditures 7/01-9/30/17</u>	<u>Total Expenditures 15 Months Ended 9/30/17</u>	<u>Balances Lapsed 9/30/17</u>
NON-APPROPRIATED LINES					
SERVICES FOR OLDER AMERICANS FUND - 618					
Refund for Sub-Recipients		\$ 181,450	\$ -	\$ 181,450	
TOTAL SERVICES FOR OLDER AMERICANS FUND - 618		<u>181,450</u>	<u>-</u>	<u>181,450</u>	
TOTAL - ALL NON-APPROPRIATED LINES		<u>181,450</u>	<u>-</u>	<u>181,450</u>	
 GRAND TOTAL - ALL FUNDS		 <u>\$ 895,572,369</u>	 <u>\$ 360,926,406</u>	 <u>\$ 1,256,498,775</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017 and have been reconciled to the Department's records.

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: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Department was able to submit vouchers to pay its employees in full from Fund 0001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017. Further, the Department incurred non-payroll obligations within Fund 001 and Fund 644, which the Department was unable to pay until the passage of Public Act 100-0021.

Note 4: Public Act 99-0524 authorized the Department to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 85 includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017 and 2016

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
	P.A. 100-0021	P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures	P.A. 99-0409 P.A. 99-0524 Court-Ordered Expenditures
GENERAL REVENUE FUND - 001			
Expenditure Authority (Net After Transfers)	\$ 422,450,300	\$ 84,185,700	\$ 835,237,100
Expenditures			
Operating Expenditures			
Personal Services	4,015,235	-	5,462,652
Personal Services - C.O.	-	5,023,821	-
State Contributions to Social Security	296,137	-	401,954
State Contributions to Social Security - C.O.	-	369,283	-
Contractual Services	559,004	-	-
Travel	22,183	-	-
Commodities	9,171	-	-
Printing	40,202	-	-
Equipment	2,145	-	-
Electronic Data Processing	2,040,738	-	-
Telecommunications	186,943	-	-
Operation of Auto Equipment	9,402	-	-
Elder Abuse and Neglect Act	14,674,443	-	546,344
Elder Abuse and Neglect Act - C.O.	-	13,854,668	-
Senior Employment Specialist Program	172,408	145,908	-
Grandparents Raising Grandchildren Program	241,467	-	-
Home Delivered Meals (formula and non-formula)	21,800,000	-	-
Home Delivered Meals (formula and non-formula) - C.O.	-	17,600,000	-
Specialized Training Program	80,599	35,000	-
Monitoring and Support Services	20,153	134,703	-
Illinois Council on Aging	1,730	-	-
Senior Helpline	1,562,914	60,000	1,359,870
Senior Helpline - C.O.	-	1,721,243	-
Benefits, Eligibility, Assistance and Monitoring	252,392	60,000	590,925
Benefits, Eligibility, Assistance and Monitoring - C.O.	-	261,341	-
Statewide Centralized Abuse	-	570,779	-
Administrative Expenses of the Senior Meal Program	1,391	-	27,818
Administrative Expenses of the Senior Meal Program - C.O.	-	27,818	-
Total Operating Expenditures	<u>45,988,657</u>	<u>39,864,564</u>	<u>8,389,563</u>
Grants-in-Aid			
Retired Senior Volunteer Program	487,293	377,067	-
Planning and Service Grants to Area Agencies on Aging	7,548,300	6,396,100	-
Foster Grandparent Program	237,185	146,923	-
Long-Term Care Systems Development	272,132	225,338	-
Community Based Services to Area Agencies on Aging	1,751,200	1,167,700	-
Community Care Program	135,481,369	16,971,660	553,918,478
Community Care Program - C.O.	-	440,018,629	-
Comprehensive Case Coordination	51,631,289	19,399,163	61,197,475
Comprehensive Case Coordination - C.O.	-	44,225,430	-
Colbert Consent Decree	27,614,404	-	23,072,744
Colbert Consent Decree - C.O.	-	19,870,115	-
Ombudsman Program	3,309,236	-	-
Ombudsman Program - C.O.	-	1,629,990	-
Total Grants-in-Aid	<u>228,332,408</u>	<u>550,428,115</u>	<u>638,188,697</u>
Total Expenditures	<u>274,321,065</u>	<u>590,292,679</u>	<u>646,578,260</u>
Lapsed Balances	<u>\$ 148,129,235</u>	<u>\$ (506,106,979)</u>	<u>\$ 188,658,840</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017 and 2016**

Schedule 3
(Continued)

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
	P.A. 100-0021	P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures	P.A. 99-0409 P.A. 99-0524 Court-Ordered Expenditures
SENIOR HEALTH INSURANCE PROGRAM FUND - 396			
Expenditure Authority (Net After Transfers)	\$ 2,500,000	\$ 2,200,000	\$ 2,300,000
Expenditures			
Operating Expenditures			
Senior Health Insurance Program	1,510,780	1,389,343	1,330,306
Total Expenditures	<u>1,510,780</u>	<u>1,389,343</u>	<u>1,330,306</u>
Lapsed Balances	<u>\$ 989,220</u>	<u>\$ 810,657</u>	<u>\$ 969,694</u>
SERVICES FOR OLDER AMERICANS FUND - 618			
Expenditure Authority (Net After Transfers)	\$ 83,323,500	\$ 83,582,000	\$ 98,593,000
Expenditures			
Operating Expenditures			
Personal Services	563,806	673,670	666,709
State Contribution to State Employees' Retirement System	286,487	301,116	305,190
State Contributions to Social Security	41,286	49,752	49,408
Group Insurance	130,540	163,822	151,436
Contractual Services	86,055	73,692	67,324
Travel	8,451	5,278	6,685
Commodities	-	-	220
Electronic Data Processing	-	-	38,956
Telecommunications	11,971	23,122	16,429
Operations of Auto Equipment	1,484	26	-
Expenses of Senior Meal Program	85,940	46,667	96,752
Older Americans Training	43,896	8,658	-
Discretionary Government Projects	1,778,123	1,660,585	1,879,872
Training and Conference Planning	74,131	32,831	9,524
Training Services	-	-	13,309
Administrative Expenses of Title V Grant	137,853	154,306	155,353
Total Operating Expenditures	<u>3,250,023</u>	<u>3,193,525</u>	<u>3,457,167</u>
Grants-in-Aid			
Grants for Adult Food Care Program	114,769	105,273	99,753
Grants for Employment Services	2,601,133	3,097,774	3,017,532
Grants for Social Services	15,223,159	15,492,583	16,848,514
National Lunch Program	1,998,513	1,963,837	1,725,484
National Family Caregiver Support Program	5,398,943	5,297,571	5,360,953
Prevention of Elder Abuse, Neglect and Exploitation	192,297	171,904	203,576
Long Term Care Ombudsman Services for Older Americans	614,581	495,137	496,797
Preventive Health	762,710	768,638	814,880
Nutrition Services Incentive Program	5,784,182	4,853,984	6,944,024
Congregate Meals/Home Delivered Meals Programs	20,402,752	19,951,984	21,710,494
Total Grants-in-Aid	<u>53,093,039</u>	<u>52,198,685</u>	<u>57,222,007</u>
Total Expenditures	<u>56,343,062</u>	<u>55,392,210</u>	<u>60,679,174</u>
Lapsed Balances	<u>\$ 26,980,438</u>	<u>\$ 28,189,790</u>	<u>\$ 37,913,826</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017 and 2016**

Schedule 3
(Continued)

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
	P.A. 100-0021	P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures	P.A. 99-0409 P.A. 99-0524 Court-Ordered Expenditures
COMMITMENT TO HUMAN SERVICES FUND - 644			
Expenditure Authority (Net After Transfers)	\$ 619,000,000	\$ 609,851,500	\$ -
Expenditures			
Operating Expenditures			
Senior Employment Specialist Program	-	181,210	-
Grandparents Raising Grandchildren	-	230,535	-
Monitoring and Support Services	-	39,313	-
Illinois Council on Aging	-	2,103	-
Senior Helpline	-	52,037	-
Benefits, Eligibility, Assistance and Monitoring	-	29,114	-
Ordinary & Contingent Expenses, No Personal Services	-	1,473,033	-
Total Operating Expenditures	-	2,007,345	-
Grants-in-Aid			
Retired Senior Volunteer Program	-	527,525	-
For Area Agencies on Aging	-	7,529,000	-
Foster Grandparent Program	-	234,342	-
Long-Term Care Systems Development	-	267,000	-
Grants for Community Based Services	-	1,057,400	-
Community Care Program	618,996,542	567,363,255	-
Comprehensive Case Coordination	-	22,739,552	-
Balancing Incentive Program	-	2,699,407	-
Ombudsman Program	-	1,070,323	-
Total Grants-in-Aid	618,996,542	603,487,804	-
Total Expenditures	618,996,542	605,495,149	-
Lapsed Balances	\$ 3,458	\$ 4,356,351	\$ -
BUDGET STABILIZATION FUND - 686			
Expenditure Authority (Net After Transfers)	\$ -	\$ 1,000,000	\$ -
Expenditures			
Operating Expenditures			
Ordinary & Contingent Expenses, No Personal Services	-	990,749	-
Total Expenditures	-	990,749	-
Lapsed Balances	\$ -	\$ 9,251	\$ -
LONG TERM CARE OMBUDSMAN FUND - 698			
Expenditure Authority (Net After Transfers)	\$ 2,600,000	\$ 2,600,000	\$ 2,600,000
Expenditures			
Operating Expenditures			
Long Term Care Ombudsman	1,092,881	1,150,388	483,966
Total Expenditures	1,092,881	1,150,388	483,966
Lapsed Balances	\$ 1,507,119	\$ 1,449,612	\$ 2,116,034

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017 and 2016**

Schedule 3
(Continued)

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
	P.A. 100-0021	P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures	P.A. 99-0409 P.A. 99-0524 Court-Ordered Expenditures
TOBACCO SETTLEMENT RECOVERY FUND - 733			
Expenditure Authority (Net After Transfers)	\$ 1,800,000	\$ 1,600,000	\$ 1,600,000
Expenditures			
Grants-in-Aid			
Senior Health Assistance	1,800,000	1,600,000	1,589,743
Total Expenditures	<u>1,800,000</u>	<u>1,600,000</u>	<u>1,589,743</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,257</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830			
Expenditure Authority (Net After Transfers)	\$ 345,000	\$ 345,000	\$ 345,000
Expenditures			
Operating Expenditures			
Private Partnership Projects Expense	25	6,807	18,143
Total Expenditures	<u>25</u>	<u>6,807</u>	<u>18,143</u>
Lapsed Balances	<u>\$ 344,975</u>	<u>\$ 338,193</u>	<u>\$ 326,857</u>
TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net After Transfers)	\$ 1,132,018,800	\$ 785,364,200	\$ 940,675,100
Court Ordered Expenditure Authority	-	544,602,338	-
Expenditures	<u>954,064,355</u>	<u>1,256,317,325</u>	<u>710,679,592</u>
Lapsed Balances	<u>\$ 177,954,445</u>	<u>\$ 73,649,213</u>	<u>\$ 229,995,508</u>
NON-APPROPRIATED LINES			
SENIOR HEALTH INSURANCE PROGRAM FUND - 396			
Expenditures			
Refund for Sub-Recipients	\$ 4,639	-	-
Total Expenditures	<u>4,639</u>	<u>-</u>	<u>-</u>
SERVICES FOR OLDER AMERICANS FUND - 618			
Expenditures			
Refund for Sub-Recipients	\$ 65,492	\$ 181,450	\$ 34,234
Total Expenditures	<u>65,492</u>	<u>181,450</u>	<u>34,234</u>
TOTAL - ALL NON-APPROPRIATED LINES	<u>\$ 70,131</u>	<u>\$ 181,450</u>	<u>\$ 34,234</u>
GRAND TOTAL EXPENDITURES - ALL FUNDS	<u>\$ 954,134,486</u>	<u>\$ 1,256,498,775</u>	<u>\$ 710,713,826</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017 and 2016**

Schedule 3
(Continued)

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
P.A. 100-0021		P.A. 99-0524 P.A. 100-0021 Court-Ordered Expenditures	P.A. 99-0409 P.A. 99-0524 Court-Ordered Expenditures

The comparative schedule of net appropriations, expenditures and lapsed balances by object code does not include State Officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2018, 2017 and 2016, State Officers' salaries were as follows:

Director's Salary	\$ 115,613	\$ 115,613	\$ 48,172
--------------------------	------------	------------	-----------

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records and have been reconciled to the Department's records.

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: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Department was able to submit vouchers to pay its employees in full from Fund 0001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017. Further, the Department incurred non-payroll obligations within Fund 001 and Fund 644, which the Department was unable to pay until the passage of Public Act 100-0021.

Note 4: During Fiscal Year 2016, the Department operated without enacted appropriations until Public Act 99-0409 and Public Act 99-0524 were signed into law on August 20, 2015 and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Agency's court-ordered payroll payments were merged into the enacted appropriation for Fund 001 and Fund 618. Further, the Department incurred non-payroll obligations within Fund 001, Fund 618, Fund 733, and Fund 0830, which the Department was unable to pay until the passage of Public Act 99-0409 and Public Act 99-0524.

Note 5: Public Act 99-0524 authorizes the Department to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 85 includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Agency submitted against its Fiscal Year 2017 appropriation.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2018**

Schedule 4

	<u>State Property</u>
Balance at July 1, 2016	\$ 771,026
Additions	20,349
Deletions	(24,097)
Net Transfers	<u>(77,345)</u>
Balance at June 30, 2017	<u>\$ 689,933</u>
Balance at July 1, 2017	\$ 689,933
Additions	2,205
Deletions	-
Net Transfers	<u>(42,207)</u>
Balance at June 30, 2018	<u><u>\$ 649,931</u></u>

Note: This schedule has been prepared from the Department's records and has been adjusted for certain errors related to additions identified by the auditors during the examination procedures and reported in Finding 2018-011. This schedule has been reconciled to the Department's Reports of State Property (C-15) submitted to the Office of the Comptroller.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Years Ended June 30,**

Schedule 5

	<u>2018</u>	<u>2017</u>	<u>2016</u>
GENERAL REVENUE FUND - 001			
Miscellaneous Reimbursements	\$ 661	\$ 242	\$ 170
Prior Year Refunds	135,799	126,160	428,479
Total Cash Receipts Per Department	<u>136,460</u>	<u>126,402</u>	<u>428,649</u>
Plus - Receipts in Transit at Beginning of Year	-	-	-
Less - Receipts in Transit at End of Year	25	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 136,435</u>	<u>\$ 126,402</u>	<u>\$ 428,649</u>
SENIOR HEALTH INSURANCE PROGRAM FUND - 396			
U.S. Department of Health and Human Services	\$ 1,484,469	\$ 1,476,138	\$ 1,315,365
Prior Year Refund	-	4,639	-
Total Cash Receipts Per Department	<u>1,484,469</u>	<u>1,480,777</u>	<u>1,315,365</u>
Plus - Receipts in Transit at Beginning of Year	121	-	-
Less - Receipts in Transit at End of Year	-	121	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 1,484,590</u>	<u>\$ 1,480,656</u>	<u>\$ 1,315,365</u>
SERVICES FOR OLDER AMERICANS FUND - 618			
U.S. Department of Health and Human Services	\$ 51,530,396	\$ 52,862,125	\$ 54,436,348
U.S. Department of Agriculture	2,271,971	1,985,334	1,903,671
U.S. Department of Labor	2,721,618	3,052,483	3,306,543
Grantee Interest Income	17,347	5,572	959
Prior Year Refunds	35,778	87,598	36,411
Total Cash Receipts Per Department	<u>56,577,110</u>	<u>57,993,112</u>	<u>59,683,932</u>
Plus - Receipts in Transit at Beginning of Year	559,411	-	-
Less - Receipts in Transit at End of Year	516	559,411	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 57,136,005</u>	<u>\$ 57,433,701</u>	<u>\$ 59,683,932</u>
COMMITMENT TO HUMAN SERVICES FUND - 644			
Prior Year Refunds	\$ 8,304	\$ 1,684	\$ 1,029
Total Cash Receipts Per Department	<u>8,304</u>	<u>1,684</u>	<u>1,029</u>
Plus - Receipts in Transit at Beginning of Year	-	-	-
Less - Receipts in Transit at End of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 8,304</u>	<u>\$ 1,684</u>	<u>\$ 1,029</u>
BUDGET STABILIZATION FUND - 686			
Prior Year Refunds	\$ 66	\$ -	\$ -
Total Cash Receipts Per Department	<u>66</u>	<u>-</u>	<u>-</u>
Plus - Receipts in Transit at Beginning of Year	-	-	-
Less - Receipts in Transit at End of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ -</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Years Ended June 30,**

Schedule 5
(Continued)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
LONG TERM CARE OMBUDSMAN FUND - 698			
Prior Year Refunds	\$ -	\$ -	\$ 9,743
Total Cash Receipts Per Department	-	-	9,743
Plus - Receipts in Transit at Beginning of Year	-	-	-
Less - Receipts in Transit at End of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,743</u>
TOBACCO SETTLEMENT RECOVERY FUND - 733			
Prior Year Refunds	\$ 64,611	\$ 156	\$ 232
Total Cash Receipts Per Department	64,611	156	232
Plus - Receipts in Transit at Beginning of Year	-	-	-
Less - Receipts in Transit at End of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ 64,611</u>	<u>\$ 156</u>	<u>\$ 232</u>
DEPARTMENT ON AGING STATE PROJECTS FUND - 830			
Prior Year Refunds	\$ -	\$ 11	\$ -
Total Cash Receipts Per Department	-	11	-
Plus - Receipts in Transit at Beginning of Year	-	-	-
Less - Receipts in Transit at End of Year	-	-	-
Total Cash Receipts Per State Comptroller's Records	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ -</u>
GRAND TOTAL - ALL FUNDS			
Total Cash Receipts Per Department - All Funds	\$ 58,271,020	\$ 59,602,142	\$ 61,438,950
Plus - Receipts in Transit at Beginning of Year	559,532	-	-
Less - Receipts in Transit at End of Year	541	559,532	-
Total Cash Receipts Per State Comptroller's Records - All Funds	<u>\$ 58,830,011</u>	<u>\$ 59,042,610</u>	<u>\$ 61,438,950</u>

Note: For FY16 - the Department did not perform reconciliations of receipt records. As a result, the above receipts information for FY16 was derived from the Office of the Comptroller's records. For FY17 and FY18, the Department did perform reconciliations to the Comptroller records. Receipts information for FY17 and FY18 was derived from the Department's records and has been reconciled to the Comptroller's records.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018**

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 funding through the Older Americans Act, 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. Jean Bohnhoff was appointed Director of the Department on February 1, 2016 and served in that capacity until March 17, 2019. Paula A. Basta was appointed Director on March 4, 2019 and filled that position on March 18, 2019.

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.
- *The Division of Community Relations 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.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018**

- *The Division of Benefits Eligibility Assistance Monitoring (BEAM)* assists eligible people to enroll in Senior Rides Free and discount license plate programs. In addition, the Division provides support to Managed Care Organizations and providers for the Medicaid managed care initiative.
- *The Division of Transition & Community Relations* provides a class of Illinois residents with disabilities living in nursing facilities in Cook County, with an array of services to safely and successfully transition any Class Member that has chosen and has been determined capable of living independently in the community with services and support.
- *The Ombudsman Division* is responsible for the state-wide, federally mandated (section 712 of the Older Americans Act) Long-Term Care Ombudsman Program. The Office maintains independence from the Department, establishes policies for the Program and provides oversight to 16 Regional Ombudsman Programs throughout the State. All Regional Programs report directly to the State Ombudsman.
- *The Division of Information Technology* is headed by the Department's Chief Information Officer who oversees the Information Technology staff transferred to the Department of Innovation & Technology pursuant to Executive Order 2016-01. The Division provides support for the entire Department through technology advancement and systems maintenance.

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)
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018**

Significant variances in expenditures were determined to be changes of \$30,000 and at least 20% between fiscal years and are explained below. For purposes of this analysis, expenditures made pursuant to Court Order were combined with lines items in which an appropriation was subsequently received.

BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund - 001

Personal Services – In Fiscal Year 2018, due to lack of budget, the positions were not filled as quickly, therefore less cost. In addition, union employees did not receive step increases during part of this time.

Contractual Services, Printing, Electronic Data Processing, Telecommunications, Grandparents Raising Grandchildren Program – The Department did not receive an appropriation for these line items in Fiscal Year 2017 due to the Budget Impasse.

Home Delivered Meals – Home Delivered Meals expenditures increased as the Department received an appropriation for Fiscal Year 2018 whereas Fiscal Year 2017 was based upon Court Order.

Specialized Training Program – The Department's expenditures increased due to only having received a partial appropriation for this line item in Fiscal Year 2017.

Monitoring and Support Services – Monitoring and Support Services expenditures decreased because the Fiscal Year 2017 expenditures included both Fiscal Year 2016 and Fiscal Year 2017 costs.

Benefits, Eligibility, Assistance and Monitoring (BEAM) – BEAM expenditures in Fiscal Year 2017 were predominantly made pursuant to Court Order. Expenditures decreased in Fiscal Year 2018 and some were paid from other appropriation sources.

Statewide Centralized Abuse – Expenditures decreased because the Department only received an appropriation for this line item in Fiscal Year 2017.

Retired Senior Volunteer Program, Foster Grandparent Program, Long-Term Care Systems Development, Community Based Services to Area Agencies on Aging – Expenditures for each of these grant programs increased in Fiscal Year 2018 due to no appropriation being available during the first 12 months of Fiscal Year 2017. In addition, a portion of the program expenditures were paid from Fund 644 in Fiscal Year 2017.

Community Care Program – Fiscal Year 2018 expenditures decreased for the program and were predominantly paid from Fund 644. In addition, a significant amount of Fiscal Year 2016 costs were paid in Fiscal Year 2017.

Colbert Consent Decree – Expenditures increased as Fiscal Year 2017 costs were paid from other appropriations.

Ombudsman Program – Expenditures increased as a significant portion of expenditures were paid from Fund 644 in Fiscal Year 2017.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018**

Services for Older Americans Fund - 618

Group Insurance – Group insurance costs decreased as fewer employees were paid from the Services for Older Americans Fund in Fiscal Year 2018.

Expenses of Senior Meal Program – Expenditures increased as the employee paid from this line item was paid from a Court Ordered appropriation during part of Fiscal Year 2017.

Older Americans Training – Due to the lack of a budget for Fiscal Year 2017, fewer trainings occurred in Fiscal Year 2017. Expenditures then increased in Fiscal Year 2018.

Training and Conference Planning – Expenditures increased as a portion of the Fiscal Year 2017 Statewide Single Audit costs were paid from this award in Fiscal Year 2018.

Long Term Ombudsman Services for Older Americans – Expenditures increased due to this award being a federal grant requested by the Area Agencies on Aging based on need.

Refunds for Sub-Recipients – Refunds vary by year due to grantees need for funding.

Commitment to Human Services Fund - 644

All Operating Expenses and All Grants-in Aid (Except Community Care Program) – Expenditures decreased as the appropriations for these line items were only given in Fiscal Year 2017.

Budget Stabilization Fund - 686

Ordinary and Contingent Expenses, No Personal Services – Expenditures decreased as the appropriations for this line item was only given in Fiscal Year 2017.

STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018

BETWEEN FISCAL YEARS 2017 AND 2016

General Revenue Fund - 001

Elder Abuse and Neglect Act – Due to budget issues, costs were paid from other appropriations in Fiscal Year 2016.

Senior Employment Specialist Program, Home Delivered Meals (formula and non-formula), Specialized Training Program, Monitoring and Support Services, Statewide Centralized Abuse, Retired Senior Volunteer Program, Planning and Services Grants to Area Agencies on Aging, Foster Grandparent Program, Long-Term Care Systems Development, Community Based Services to Area Agencies on Aging, Ombudsman Program – Expenditures for each of these line items increased in Fiscal Year 2017 because the Department did not receive a General Revenue Fund appropriation for them in Fiscal Year 2016. Where possible, they were paid from other funds.

Senior Helpline – Expenditures increased in Fiscal Year 2017 and were predominantly paid pursuant to Court Order.

Benefits, Eligibility, Assistance and Monitoring – Expenditures decreased in Fiscal Year 2017 as costs were paid from other appropriations.

Services for Older Americans Fund - 618

Electronic Data Processing – Expenditures decreased because the Department did not request an appropriation from this line item in Fiscal Year 2017.

Expenses of Senior Meal Program – Expenditures decreased due to the employee paid from this line item was paid from a Court Ordered appropriation during part of Fiscal Year 2017.

Nutrition Services Incentive Program – This is a federal grant that is requested by the Area Agencies on Aging based on need.

Refunds for Sub-Recipients – Refunds vary by year due to grantees need for funding.

Commitment to Human Services Fund - 644

All Operating Expenses and All Grants-in Aid – Expenditures increased as the appropriations for all these line items for this fund were only given in Fiscal Year 2017.

Budget Stabilization Fund - 686

Ordinary and Contingent Expenses, No Personal Services – Expenditures increased as the appropriations for this line item was only given in Fiscal Year 2017.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018**

Long Term Care Ombudsman Fund - 698

Long Term Care Ombudsman – Long Term Care Ombudsman expenditures increased due to changes in program management, which resulted in significantly less spending in Fiscal Year 2016. Fiscal Year 2017 spending returned to levels similar to near pre-Budget Impasse levels.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018**

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 2017 AND 2018

Services for Older Americans Fund - 618

Prior Year Refunds – Prior year refunds decreased due to fewer overpayments (due to timing differences) being made in the prior year that needed to be returned to the Department in Fiscal Year 2018.

Tobacco Settlement Recovery Fund - 733

Prior Year Refunds – Prior year refunds increased due to more overpayments (due to timing differences) being made in the prior year that needed to be returned to the Department in Fiscal Year 2018.

BETWEEN FISCAL YEARS 2016 AND 2017

General Revenue Fund - 001

Prior Year Refunds – Prior year refunds decreased due to fewer overpayments (due to timing differences) being made in the prior year that needed to be returned to the Department in Fiscal Year 2017.

Services for Older Americans Fund - 618

Prior Year Refunds – Prior year refunds increased due to more overpayments (due to timing differences) being made in the prior year that needed to be returned to the Department in Fiscal Year 2017.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018**

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

FISCAL YEAR 2018

General Revenue Fund -001

Printing – Printing that is done in the fourth quarter of the fiscal year is paid for during the Lapse Period. In addition, a reconciliation of Department of Human Services printing charges is performed during the Lapse Period and settled up.

Electronic Data Processing – Electronic data processing invoices from the Department of Innovation and Technology (DoIT) were received by the Department's Fiscal Office and paid during the Lapse Period.

Telecommunications – Telecommunications invoices from DoIT were received by the Department's Fiscal Office and paid during the Lapse Period.

Elder Abuse and Neglect Act – Providers have until the end of the Lapse Period to clean up any billing issues and prompt payment interest was also paid during the Lapse Period.

Senior Employment Specialist Program – May and June grant payment requests were received during the Lapse Period from grantees.

Grandparents Raising Grandchildren Program – Final quarter grant payment requests were received during the Lapse Period.

Specialized Training Program – Payment for a couple of larger contractual and rental costs of the Program were not received and paid until the Lapse Period.

Retired Senior Volunteer Program – Final quarter grant payment requests were received during the Lapse Period.

Foster Grandparent Program – Final quarter grant payment requests were received during the Lapse Period.

Long-Term Care Systems Development – Final quarter grant payment requests were received during the Lapse Period.

Community Care Program – Providers have until the end of the lapse period to clean up any billing issues and prompt payment interest was also paid during the Lapse Period.

Services for Older Americans Fund - 618

Discretionary Government Projects – These were various federal grants and were either fourth quarter payments or final payment requests received in the Lapse Period.

Grants for Adult Food Care Program – May and June reimbursement grant payments for the Adult Food Program are based upon final reports received from providers.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018**

National Lunch Program – May and June reimbursement grant payments for the National Lunch Program are based upon final reports received from providers.

Contractual Services – This included one invoice for professional services that was received and paid in the Lapse Period. In addition, a voucher payment made to the Grant Accountability and Transparency Fund was not paid until the Lapse Period.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018**

FISCAL YEAR 2017

General Revenue Fund - 001

Elder Abuse and Neglect Act – Providers have until the end of the Lapse Period to finish billing for the fiscal year.

Senior Employment Specialist Program, Specialized Training Program, Monitoring and Support Services, Benefits, Eligibility, Assistance and Monitoring, Statewide Centralized Abuse, Senior Helpline, Retired Senior Volunteer Program, Planning and Service Grants to Area Agencies on Aging, Foster Grandparent Program, Long-Term Care Systems Development, Community Based Services to Area Agencies on Aging, Community Care Program, Comprehensive Case Coordination – The stop gap funding of Public Act 99-0524 only funded the Department for part of the year. The remaining funding from Public Act 100-0021 was not passed until July 2017, thusly expenditures were entirely during the Lapse Period.

Services for Older Americans Fund - 618

Grants for Adult Food Care Program – May and June reimbursement grant payments for the Adult Food Program are based upon final reports received from providers.

National Lunch Program – May and June reimbursement grant payments for the National Lunch Program are based upon final reports received from providers.

Contractual Services – A payment was not initially obligated, so it was rejected by the Illinois Office of the Comptroller and had to be re-processed during the Lapse Period.

Commitment to Human Services Fund - 644

Monitoring and Support Services – The Department paid for professional services related to its indirect cost plan as well as payments to DoIT and the Department of Human Services during the Lapse Period.

Ordinary & Contingent Expenses, No Personal Services – During the year, the Department prioritized payments of Fiscal Year 2016 bills especially service providers. Lapse Period expenditures were primarily payments to the Statistical Services Revolving Fund.

Community Care Program – This portion of the Community Care Program was included in Public Act 100-0021. The stop gap funding of Public Act 99-0524 only funded the Department for part of the year. The remaining funding from Public Act 100-0021 was not passed until July 2017, thusly expenditures were entirely during the Lapse Period.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2018**

The Department had approximately \$4,492,000 and \$2,793,000 due from federal agencies at June 30, 2018 and 2017, 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 Services for Older Americans - Fund 618. The Department considers these receivables to be current and collectible.

The Department had approximately \$1,155,000 in gross receivables at June 30, 2018 and 2017. These receivables are due from grantees of the Circuit Breaker Tax and Pharmaceutical Discount Program (\$393,000) and from providers of the Community Care Program (\$762,000). At June 30, 2018 and 2017, the estimated uncollectible balance of these receivables was approximately \$393,000. The remaining receivable is a fluid number for MCO transfers possibly resulting in accidental double billing and/or death recoupment due to mistakes on billing dates for final billings after the passing of a client. Prior to recent years, these receivables may have been offset in the Community Care Program billing system or collected as checks.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2018**

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Department on Aging to pay Fiscal Year 2016 costs using the Department on Aging's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Department on Aging to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Department on Aging's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Department on Aging's expenditures for Fiscal Year 2016 that were expended from Fiscal Year 2017 appropriations as allowed in Article 74 of Public Act 99-0524:

Fiscal Year 2016 Invoices Paid From Fiscal Year 2017 Appropriations

<u>Fund #</u>	<u>Fund Name</u>	<u>Number</u>	<u>Dollar Value</u>
644	Commitment to Human Services Fund	12,504	\$ 312,752,263
686	Budget Stabilization Fund	519	967,915
		<u>13,023</u>	<u>\$ 313,720,178</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
For the Two Years Ended June 30, 2018**

Transactions Involving the Illinois Finance Authority

The Department on Aging and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Department's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
INTEREST COSTS ON FISCAL YEAR 2017 INVOICES
For the Two Years Ended June 30, 2018**

Prompt Payment Interest Costs

The Department on Aging calculated prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Department on Aging. The following chart shows the Department on Aging's prompt payment interest incurred related to Fiscal Year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2017, by fund:

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
644	Commitment to Human Services	8,059	184	\$ 11,242,190
686	Budget Stabilization	146	36	2,440
698	Long Term Care Ombudsman Fund	1	1	104
830	Department on Aging State Projects Fund	24	7	194
		<u>8,230</u>	<u>228</u>	<u>\$ 11,244,928</u>

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2018**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Executive Office	23	20	15
Division of Home and Community Services	32	36	48
Division of Planning, Research and Development	11	5	9
Division of Finance and Administration	15	12	15
Division of Communications and Outreach	36	35	45
Division of Benefits, Eligibility, Assistance and Monitoring	17	16	8
Information Technology	<u>16</u>	<u>20</u>	<u>21</u>
Total average number of employees	<u>150</u>	<u>144</u>	<u>161</u>

Data for Fiscal Years 17 and 18 was taken from the Illinois Department of Central Management Services Position Allocation Reports through August of 2017. Information Technology data was only available through August of 2017, therefore, the data for September 2017 through June 2018 was taken from the monthly Department of Innovation and Technology IT Headcount Report.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
ANNUAL COST STATISTICS
For the Two Years Ended June 30, 2018
Statistical Information on State Community Care Program**

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

		<u>2018</u>	<u>2017</u>	<u>2016</u>
Average Monthly Caseload	(1)	<u>70,866</u>	<u>74,500</u>	<u>83,983</u>
Percentage of Males		28%	29%	29%
Percentage of Females		72%	71%	71%
Percentage of Clients over 75 Living Alone		32%	32%	53%
Percentage of Ethnic/Minority		52%	50%	54%
Average Cost per Client per Month	(2)	\$ 937	\$ 880	\$ 878
Average Unit Cost				
Homemaker (per hour)	(3)	\$ 18.20	\$ 17.14	\$ 17.14
Adult Day Care (per hour)		\$ 9.02	\$ 9.02	\$ 9.02
Adult Day Service Transportation (one-way trip)		\$ 8.30	\$ 8.30	\$ 8.30
Prospective Nursing Home Cases	(4)			
Number of Cases Prescreened		130,543	124,454	121,325
Number of Face-to-Face Screens		123,570	124,441	121,315
Number of Non-Face-to-Face Screens		6,973	13	10

(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. This count does not include individuals receiving aging waiver services provided by a Managed Care Organization.

(2) Average Cost per Client per Month is calculated by taking total community care program expenditures attributable to the fiscal period divided by the average monthly caseload.

(3) The rate for Homemaker services increased from \$17.14 to the current rate of \$18.29 on August 1, 2017.

(4) 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)
MEMORANDUMS OF UNDERSTANDING
For the Two Years Ended June 30, 2018**

Department officials stated there was one memorandum of understanding between the Department and other agencies during the examination period, as noted below:

Parties involved other than the Department: Illinois Office of the Comptroller

Dates involved: Continuous

Description: The memorandum of understanding defines the roles and responsibilities of the Department on Aging and the Illinois Office of the Comptroller in regards to the direct input of obligations/purchase orders by the Department on Aging.

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2018**

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 2018 and Fiscal Year 2017.

<u>Performance Indicators</u>	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Input Indicators			
Community Care Program (CCP)			
Total Expenditures	\$ 832,684,200	\$ 1,133,238,300	\$ 610,266,600
Average Monthly Full-Time Equivalents	55	56	51
Output Indicators			
CCP Average Monthly Caseload	70,866	74,500	83,983
Total Assessments Conducted	265,765	250,984	248,597
Number of Deinstitutionalizations Conducted	67	145	206
Units of Service Conducted			
Homemaker Service	36,677,362	38,310,731	43,392,890
Adult Day Service	1,706,603	1,876,899	2,305,910
Outcome Indicators			
Percent of CCP Screens			
Face-to-Face	94.2%	100.0%	100.0%
Non-Face-to-Face	5.8%	0.0%	0.0%
CCP Caseload Cost vs. Nursing Home Caseload Costs	28.4%	27.8%	28.3%
Efficiency/Cost-Effective Indicators			
Average Monthly Cost of Medicaid Nursing Home	\$ 3,294	\$ 3,169	\$ 3,100
CCP Average Monthly Cost of Care Individuals in CCP vs. Nursing Home	\$ 937	\$ 880	\$ 878
Monthly Savings (Federal/State)	\$ 167,031,162	\$ 170,530,500	\$ 186,610,226
Yearly Savings (Federal/State)	\$ 2,004,373,944	\$ 2,046,366,000	\$ 2,239,322,712

**STATE OF ILLINOIS
DEPARTMENT ON AGING
ANALYSIS OF OPERATIONS (NOT EXAMINED)
SCHEDULE OF INDIRECT COST REIMBURSEMENTS
For the Two Years Ended June 30, 2018**

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, contracts, and other agreements with the federal government, subject to certain conditions.

The rates are approved by DHHS in accordance with the Uniform Guidance, subject to any statutory or administrative limitations. The indirect cost rates are based on direct salaries and wages, excluding all fringe benefits. The latest rate agreement, dated August 30, 2018, approved the following rates:

<u>COSTS APPLICABLE TO</u>	<u>RATE TYPE</u>	<u>EFFECTIVE PERIOD</u>	<u>RATE</u>
Benefits Eligibility Assistance Monitoring	Final	07/01/16 - 06/30/17	47.20%
	Provisional	07/01/17 - 06/30/20	47.20%
Home and Community Care / Planning, Research and Development	Final	07/01/16 - 06/30/17	76.60%
	Provisional	07/01/17 - 06/30/20	76.60%
Finance and Administration	Final	07/01/16 - 06/30/17	130.00%
	Provisional	07/01/17 - 06/30/20	130.00%
Communication and Outreach	Final	07/01/16 - 06/30/17	81.30%
	Provisional	07/01/17 - 06/30/20	81.30%