

LEGISLATIVE AUDIT COMMISSION

Review: 4476

Statewide Single Audit

Year Ended June 30, 2016

Illinois Department on Aging

FINDINGS/RECOMMENDATIONS – 5

Repeated – 0

Accepted – 1

Implemented – 4

Inaccurate Certification of Maintenance of Effort (MOE) Expenditures

16-43. The auditors recommend the Department on Aging (IDOA) review the process and procedures in place to prepare the certification of the maintenance of effort and its financial reports required for the Aging Cluster program and implement procedures necessary to ensure that actual expenditures incurred during the period are reported and certified. The auditors also recommend IDOA implement procedures to ensure financial reports are subject to documented supervisory reviews prior submission.

Finding: IDOA did not accurately certify its maintenance of effort (MOE) expenditures under the Aging Cluster program to the U.S. Department of Health and Human Services (USDHHS).

During testwork of the MOE requirement, auditors noted IDOA passed through a total of \$20,380,075 to Area Agencies on Aging (subrecipients) for both services and administration under the Title III program during the federal fiscal year ended September 30, 2015, but only reported and certified that \$5,305,727 was spent for MOE expenditures.

In discussing these conditions with IDOA officials, they stated staff turnover, inadequate training, and lack of proper procedures has led to this finding.

Response: The Department disagrees with the portion of the finding referring to MOE not accurately being certified. The Department will implement a new tracking methodology and also create a procedure for the Fiscal Procedure Manual which will ensure consistency regardless of staff turnover and availability of staff to train. This procedure will include supervisor approval before reports are submitted.

Auditors' Comment: As discussed in the finding above, IDOA is required to report the amount spent for both services and administration under the Title III program to USDHHS and to certify if the amount is less than, equal to, or more than the required level of MOE. IDOA could not provide authoritative guidance supporting its position that the State is only

required to report and certify an amount equal to the average expenditures for the past three years.

Updated Response: Implemented. We have discussed and implemented a team approach creating a mini-work group of budget and business services staff. We have created a new work book/tool that accounts for both the match and the Maintenance of Effort and allows for more stringent tracking of the different categories.

Failure to Perform Risk Assessment and Inadequate Monitoring

16-44. The auditors recommend IDOA: (1) implement the risk assessment procedures required by the Uniform Guidance; (2) review current policies and procedures for monitoring Aging Cluster program subrecipients and implement changes necessary to implement any changes required by the Uniform Guidance; and (3) implement procedures to ensure on-site reviews are appropriately performed and completed as planned.

Finding: IDOA did not perform a risk assessment of subrecipients of the Aging Cluster program as required by federal guidance. Additionally, IDOA did not perform any on-site programmatic reviews during the fiscal year for any of the 13 subrecipients and further did not perform fiscal on-site reviews for two of six subrecipients sampled as required by its established monitoring procedures.

IDOA passed through approximately \$45,005,000 of federal funding under the Aging Cluster program to 13 area agencies on Aging (subrecipients) during the year ended June 30, 2016.

In discussing these conditions with IDOA officials, they stated the risk assessment is a component of Uniform Guidance and that a statewide approach to implementing Uniform Guidance was being developed in connection with the implementation of the State's Grants Accountability Transparency Act (GATA) in FY17.

Response: The Department concurs with the finding and recommendation. The Agency is working with GATA to make sure that we are in compliance with all of the requirements of the Uniform Guidance.

Section 1000 of the Department's AAA policy and Procedures Manual outlines that on-site visits and reviews of the Area Agencies on Aging will be conducted a minimum of once during the Area Plan cycle which has been defined by Department on Aging policy to be a three year time period.

Office of Older American Services agrees that we need to implement a risk assessment process for conducting on-site reviews. Some Area Agencies on Aging may need on-site reviews more often than once during the Area Plan cycle.

Updated Response: Accepted. This has not yet been corrected, but is expected to be implemented during the FY18 Monitoring Cycle (beginning October 1, 2017).

Inaccurate Report of Federal Expenditures

16-47 The auditors recommend IDOA establish procedures to accurately report federal expenditures, including amounts passed through to subrecipients, used to prepare the SEFA.

Finding: IDOA did not accurately report Federal expenditures, including amounts passed through to subrecipients, under the Aging Cluster in FY16.

| SEFA Caption | Amounts Reported on the Final Expenditure Pattern | Amounts Initially Reported to the IOC | Difference |
|--|--|--|-------------------|
| Expenditures | \$46,607,000 | \$49,275,000 | (\$2,668,000) |
| Amounts passed through to subrecipients | 45,005,000 | 47,910,000 | (2,905,000) |

In discussing these conditions with IDOA officials, they stated they believe that the prior year and current year lapse period expenditures were inadvertently included in the preparation of the SEFA.

Response: The Department concurs with the finding and recommendation. The Department will implement procedures to have work completed by staff and adequately reviewed for accuracy. This will ensure amounts passed to sub-recipients and the reporting of federal expenditures will be represented accurately.

Updated Response: Implemented.