LEGISLATIVE AUDIT COMMISSION

Review of
Department on Aging
Two Years Ended June 30, 2018

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REVIEW: 4503
DEPARTMENT ON AGING
TWO YEARS ENDED JUNE 30, 2018

FINDINGS/RECOMMENDATIONS – 16

IMPLEMENTED - 6
ACCEPTED AND PARTIALLY IMPLEMENTED - 6
ACCEPTED - 2
PARTIALLY ACCEPTED - 1
NOT ACCEPTED - 1

REPEATED RECOMMENDATIONS - 9

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 14

This review summarizes the auditors' report on the Department on Aging for the two years ended June 30, 2018, filed with the Legislative Audit Commission on August 22, 2019. The auditors performed a compliance examination in accordance with State law and G*overnment Auditing Standards*.

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

Jean Bohnhoff was Director of the Department for the two years under review, serving as Director from February 1, 2016 until March 17, 2019. Paula A. Basta was appointed Director on March 18, 2019 and continues to serve in that position. Previously, she was the director of senior services and health initiatives at the Chicago Housing Authority. She also served for 18 years at the Chicago Department of Family and Support Services as regional director of the Northeast (Levy) Senior Center and as director of information and assistance.

The average number of persons employed by the Department was as follows:

Division	**FY18**	**FY17**	**FY16**
Executive Office	23	20	15
Division of Home and Community Service	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 & Monitoring	17	16	8
Information Technology	16	20	21
TOTAL	**150**	**144**	**161**

Data for the employment table on the previous page was taken from the monthly Department of Innovation and Technology IT Headcount Report.

Appendix A presents statistical information on the Department's State Community Care Program. The Community Care Program's (CCP) average monthly caseload in FY18 was 70,866, a decrease of 13,117, or 15.6%, since FY16.

Expenditures from Appropriations

Appendix B presents a summary of appropriations and expenditures for FY18 through FY16. The General Assembly appropriated a total of $1.1 billion to the Department for FY18. Of the total appropriation, $422,450,300, or 37.3%, was from the General Revenue Fund (GRF); $619,000,000, or 54.7%, was from the Commitment to Human Services Fund; and the remaining 8% from the Services for Older Americans Fund and four other funds.

Total expenditures in FY18 were $954,064,355 compared to $1,256,317,325 in FY17, a decrease of $302.2 million, or 24%. The majority of the decrease is attributable to the Community Care Program within Grants-in-Aid, which had a $269.8 million increase in spending in FY17 to cover FY16 costs as the result of the Budget Impasse. In FY18, total operating expenses increased $3.2 million. For FY18, $902.2 million was expended for grant purposes, while $51.8 million was expended for operating expenses.

During the budget impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* enabled the Department to submit vouchers to pay its employees in full from GRF without a maximum expenditure limit for personal services costs during FY17. Further, the Department incurred non-payroll obligations within GRF and the Commitment to Human Services Fund, which the Department was unable to pay until the passage of PA100-021, which authorized the Department to pay for all costs incurred prior to July 1, 2018 using either the Department's FY17 or FY18 appropriations for non-payroll expenditures. PA99-0524 authorized the Department to pay FY16 costs using its FY17 appropriations for non-payroll expenditures. The Department paid 13,023 invoices totaling $313.7 million from two funds for FY16 expenditures using FY17 appropriations.

Other key highlights include:
- During FY18, the Department incurred no Prompt Payment Interest.
- During FY17, the Department incurred $11.2 million in Prompt Payment Interest for 8,230 invoices from 228 vendors.
- No vendors participated in the Vendor Payment Program in FY18 or FY17.
- No vendors participated in the Vendor Support Initiative Program (VSI) or the special program established by the Illinois Finance Authority in FY18 or FY17.
- Lapse period expenditures were 28.7%, or $360.9 million in FY17 and 8%, or $85.6 million in FY18.

Cash Receipts

Appendix C is a summary of cash receipts of the Department for FY18 through FY16. Total cash receipts were $58.8 million in FY18 compared to $59 million in FY17, a decrease of $212,599, or 0.4%. Receipts from the Services for Older Americans Fund decreased $1.4 million from FY17 to FY18 mostly due to timing differences. This decrease was offset by net increases in receipts from the other funds.

Property and Equipment

Appendix D is a summary of property and equipment transactions of the Illinois Department on Aging during the period under review. The balance of State property decreased from $689,933 in FY17 to $649,931 in FY18. The majority of the decrease was the result of transfers. Finding 11 relates to weaknesses over internal controls and wiping of hard drives related to State property.

Accountants' Findings and Recommendations

Condensed below are the 16 findings and recommendations presented in the report. There were nine repeated recommendations. The following recommendations are classified on the basis of updated information provided by Paula Basta, Director, Department on Aging, in a memo received September 23, 2020.

Findings and Recommendations

1. **Execute detailed interagency agreements (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 the Illinois-Michigan Program Alliance for Core Technology system (IMPACT) as required by the Code of Federal Regulations, the State Plan, and the Social Security Act (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. 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.**

Finding: 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. IMPACT 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*, 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 each agency's roles and responsibilities. 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.

- 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. However, 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.

- 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 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. 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.

<u>Response:</u> 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

Findings and Recommendations – continued

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 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.

Updated Response: Implemented. The Department has entered into an intergovernmental agreement with Healthcare and Family Services that defines the roles and responsibilities of each agency with respect to the IMPACT system.

Responses of Other Departments

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.

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 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 DHFS' 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.

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.

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.

2. Implement adequate internal control by Departments 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.

<u>Finding:</u> 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.

Findings and Recommendations – continued

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 with 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.

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 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.

Disaster Recovery 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' 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.

Findings and Recommendations – continued

<u>Response:</u> 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.

<u>AUDITOR'S COMMENT TO DEPARTMENT ON AGING'S RESPONSE</u>

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.

<u>Updated Response:</u> Implemented. The intergovernmental agreement entered into with Healthcare and Family Services clearly establishes IDoA's roles and responsibilities with respect to the IMPACT system. The Department has implemented necessary procedures to ensure compliance with the agreement.

<u>Responses of Other Departments</u>

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.

<u>AUDITOR'S COMMENT TO DHFS' RESPONSE</u>

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.*

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.

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.

3. 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, increase the level of staff training and oversight.

Finding: 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

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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.

<u>Auditor Testing and Results</u>

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, it could not provide documentation demonstrating the completeness and accuracy of the population.

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 FY18, 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.

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.

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 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.

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.

Updated Response: Not Accepted. The Department has entered into an intergovernmental agreement with Healthcare and Family Services concerning the IMPACT system; however, the Department continues to reject the original finding.

Responses of Other Departments

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.

<u>AUDITOR'S COMMENT TO DHFS' RESPONSE</u>

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.

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 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.

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.

4. 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. Also, obtain reimbursement from providers if determined to be ineligible. (Repeated-2010)

<u>Finding:</u> 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 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 FY18, 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.

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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 FY17.

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.

Updated Response: Accepted. The Department concurs with the finding; however, staff shortages have prevented corrective action from occurring.

5. Implement procedures to compile and maintain a centralized record of all interagency agreements.

Finding: The 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 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.

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.

Updated Response: Implemented. The Department has implemented the expectation that a copy of intergovernmental agreements will be sent to the Office of General Counsel and are maintained on a shared drive accessible by employees.

6. Improve 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, maintain documentation to support all reviews and approvals. Further, ensure expenditures are charged to the correct fiscal year.

Findings and Recommendations – continued

<u>Finding:</u> The Department did not have adequate controls over voucher processing.

During the examination, auditors tested 316 vouchers for expenditures, totaling $35,085,180, and some of the deficiencies were as follows:

- 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 one 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 $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 FY17 voucher was charged to an appropriation which did not include a provision for paying prior year costs.

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.

<u>Response:</u> 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.

<u>Updated Response:</u> Partially Implemented. The Department continues to ask all areas of the agency to date stamp all documents regarding when payments are received in the agency. Unfortunately, this continues to be a problem. The Department is working on updating procedures. The pandemic resulting from COVID-19 and remote working has made this more problematic.

7. Implement internal controls to ensure compliance with reporting requirements contained in the statutes. (Repeated-2006)

<u>Finding:</u> The Department failed to submit and post required reports.

<u>Annual Report</u>

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

The Illinois Act on the Aging (Act) (20 ILCS 105/4.02) 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 Community Care Program (CCP) Annual Reports during the examination period.

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.

Updated Response: Accepted. The IDoA is implementing procedures to ensure the timely filing of statutorily required reports.

8. Comply with the Illinois Act on Aging or seek a statutory revision.

Finding: The 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).

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.

Updated Response: Partially Accepted. The Department partially concurs with the finding. The Department's Community Care Program (CCP) supports minority seniors based on an evaluation of their financial and functionality requirements as stipulated by the federal Medicaid Elderly Waiver and the CCP administrative rules. In FY 19, the percentage of seniors who identify as a minority group that were enrolled in CCP was 55% while the number of seniors who were white/Caucasian was 45%. 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's funding formula which outlines the methodology for distribution of the federal Older Americans Act (OAA) funding includes a component that requires funding to be distributed to the Area Agencies on Aging (AAA) to address the needs of minority populations aged 60 and up. States are required to define the areas of "greatest social need" when developing their funding formula and the Department has prioritized minority populations from the outset of the development of the funding formula. In FY 19, 37.2% of minority populations received services from programs supported by the AAAs.

The Department's inclusive approach to programming demonstrates that minority populations are incorporated into every aspect of our programs, including our largest program – CCP and our federally approved funding formula which dictates how the federal funding is to be distributed to the 13 AAAs.

9. Make the grant required by the Illinois Act on Aging or continue to seek a legislative remedy to the current statutory requirement. (Repeated-2016)

Finding: The 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 FY15 and FY16, and therefore, did not make such grant. In the current examination period, the Department did not request an appropriation to make the grant for FY17 or FY18. 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.

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.

Updated Response: Partially Implemented. The Department is seeking legislative remedy through an audit fix initiative; however, this could not be addressed in the abbreviated session.

10. Strengthen 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. (Repeated-2016)

Finding: The 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 under review, the auditors noted that the Department had not received the required annual audit report for three of the 20 grantees and one 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.

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

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

Updated Response: Partially Implemented. The Department receives all audits through the Audit Report Review Management (ARRM) system which is part of the Grants Accountability & Transparency Unit system.

11. Strengthen internal controls over the recording and reporting of State property by reviewing inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. In addition, ensure all equipment is accurately and timely recorded on the Department's property records. Further, improve controls over the documentation of wiping computer hard drives prior to sending them to the State Surplus. (Repeated-2016)

Finding: The Department did not exercise adequate control over the recording and reporting of State Property.

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

- One of 25 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.

- Seven of 25 (28%) equipment items selected for observation, totaling $3,489, were not able to be located.

- Four of 10 equipment disposals tested, totaling $31,037, 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.

- For five of 10 (50%) equipment disposals tested, totaling $32,152, the items were not removed from the inventory listing in a timely manner.

- The Department did not report any equipment additions that occurred in FY17 or FY18 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. 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 auditors noted 79 of 1,486 (5%) equipment items in the Department's inventory listing did not include a purchase date or purchase price.

- 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.

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.

<u>Updated Response:</u> Partially Implemented. The Department is reviewing this area as we implement the new statewide accounting system.

12. Locate the related records and make reasonable collection efforts. If the documentation cannot be found, request permission to remove the receivables from the records. In addition, strengthen procedures and allocate necessary resources to properly report accounts receivable.

<u>Finding:</u> The Department failed to maintain detailed documentation of several reports related to accounts receivable submitted to the Office of the State Comptroller.

The auditors tested four 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.

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.

<u>Updated Response:</u> Partially Implemented. The Department is attempting to write off receivables with Attorney General; however, this is still outstanding.

13. 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. (Repeated-2014)

<u>Finding:</u> The Department 's 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.

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.

<u>Response:</u> 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.

Updated Response: Implemented. The Chief Internal Auditor position was again vacant from February until mid-May 2020. The new CIA will ensure that pre-implementation reviews are completed according to guidance adopted by the State Internal Audit Advisory Board concerning risk-based audits and pre-implementation reviews.

14. Improve procedures to ensure employee performance evaluations are completed timely. (Repeated-2012)

Finding: The Department did not conduct employee performance evaluations in accordance with the Illinois Administrative 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.

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

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.

Updated Response: Partially Implemented. Human Resources notifies managers when performance evaluations are due. Improvements have been made in receiving evaluations for merit comp positions, which were needed to receive salary adjustments in July 2020. The Department continues to face significant challenges in the timely completion of performance evaluations due to several factors including a significant number of vacant management and staff positions, new managers in multiple areas, operational demands, new IT systems implemented and the pandemic forcing many employees to work remotely. Human Resources will continue to work with managers to ensure the timely completion of employee evaluations.

15. Comply with the Election Code or seek a legislative remedy. (Repeated-2016)

Finding: The 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.

<u>**Response:**</u> 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.

<u>AUDITOR'S COMMENT</u>

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 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.

<u>**Updated Response:**</u> Implemented. The Board of Elections Audit Findings were addressed by the MOU with the Board of Elections due to HIPAA concerns. It was removed from the version of the bill that was drafted and submitted by House and Senate sponsors.

16. Comply with the Illinois Act of Aging (Act) or seek a legislative remedy. (Repeated-2016)

Findings and Recommendations – concluded

<u>Finding:</u> The Department failed to enter into a finalized agreement with the State Board of Elections.

Effective June 1, 2015, the Illinois Act on 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 Board of Elections concurred stating such an agreement would be superfluous and not necessary.

<u>Response:</u> Accepted. 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.

<u>AUDITOR'S COMMENT</u>

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.

<u>Updated Response:</u> Implemented. The Board of Elections Audit Finding was addressed by the MOU with the Board of Elections due to HIPAA concerns. It was removed from the version of the bill that was drafted and submitted by House and Senate sponsors.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 5 calendar days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file affidavits or statements with the Procurement Policy Board and the Auditor General setting forth the amount expended (or an estimate of the total cost), the name of the contractor involved, and the conditions and circumstances requiring the emergency purchase. The Code also allows for quick purchases. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

The Department filed no affidavits for emergency purchases in FY17 or FY18.

Headquarters Designations

According to a report submitted on July 15, 2018, the Department indicated that no employees spent more than 50% of their working time at locations other than their official headquarters.

APPENDIX A

Annual Statistics

	FY18	FY17	FY16
Average Monthly Caseload (1)	70,866	74,500	83,983
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
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
Efficiency/Cost Effective Indicators			
Average Monthly Cost of Medicaid Nursing Home	$ 3,294	$ 3,169	$ 3,100
CCP Average Monthly Cost of Care	$ 937	$ 880	$ 878

(1) Average monthly caseload refers to 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 montly 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.

APPENDIX B

Summary of Appropriations and Expenditures

Appropriations	FY18	FY17	FY16
General Revenue Fund	$ 422,450,300	$ 84,185,700	$ 835,237,100
Senior Health Insurance Program Fund	2,500,000	2,200,000	2,300,000
Services for Older Americans Fund	83,323,500	83,582,000	98,593,000
Commitment to Human Services Fund	619,000,000	609,851,500	-
Budget Stabilization Fund	-	1,000,000	-
Long Term Care Ombudsman Fund	2,600,000	2,600,000	2,600,000
Tobacco Settlement Recovery Fund	1,800,000	1,600,000	1,600,000
State Projects Fund	345,000	345,000	345,000
TOTAL APPROPRIATIONS	**$ 1,132,018,800**	**$ 785,364,200**	**$ 940,675,100**
General Revenue Fund - Operating Expenditures			
Personal Services	$ 4,015,235	$ 5,023,821	$ 5,462,652
Retirement, State Contribution to SERS	-	-	-
Social Security	296,137	369,283	401,954
Contractual Services	559,004	-	-
Travel	22,183	-	-
Commodities	9,171	-	-
Printing	40,202	-	-
Equipment	2,145	-	-
EDP	2,040,738	-	-
Telecommunications	186,943	-	-
Operations of Auto Equipment	9,402	-	-
Elder Abuse and Neglect Act	14,674,443	13,854,668	546,344
Senior Employment Specialist Program	172,408	145,908	-
Grandparents Raising Grandchildren Program	241,467	-	-
Home Delivered Meals (formula & non-formula)	21,800,000	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	1,781,243	1,359,870
Benefits, Eligibility, Assistance and Monitoring	252,392	321,341	590,925
Statewide Centralized Abuse	-	570,779	-
Administrative Expenses of the Senior Meal Program	1,391	27,818	27,818
GRF - Operating Expenses	**$ 45,988,657**	**$ 39,864,564**	**$ 8,389,563**
Services for Older Americans Fund - Operating Expenditures			
Personal Services	563,806	673,670	666,709
Retirement, State contribution to SERS	286,487	301,116	305,190
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	-
Administrative Expenses for the Senior Meal Program	85,940	46,667	96,752
Older Training Services	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
Older Americans Fund-Operating Expenditures	**3,250,023**	**3,193,525**	**3,457,167**

Appendix B - continued

	FY18	FY17	FY16
Senior Health Insurance Program Fund	1,510,780	1,389,343	1,330,306
Commitment to Human Services Fund	-	2,007,345	-
Budget Stabilization Fund	-	990,749	-
Long Term Care Ombudsman Fund	1,092,881	1,150,388	483,966
State Projects Fund:			
Private Partnership Projects Expense	25	6,807	18,143
Total Operating Expenses	**51,842,366**	**48,602,721**	**13,679,145**
Grants-in-Aid			
Retired Senior Volunteer Program	487,293	904,592	-
Planning and Service Grants	7,548,300	13,925,100	-
Foster Grandparent Program	237,185	381,265	-
Long-Term Care Systems Development	272,132	492,338	-
Grants for Community Based Services	1,751,200	2,225,100	-
Community Care Program	754,477,911	1,024,353,544	553,918,478
Comprehensive Case Coordination	51,631,289	86,364,115	61,197,475
Colbert Consent Decree	27,614,404	19,870,115	23,072,744
Ombudsman Program	3,309,236	2,700,313	-
Adult Food Care Program	114,769	105,273	99,753
Employment Services	2,601,133	3,097,774	3,017,532
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
Preventative 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 Program	20,402,752	19,951,984	21,710,494
Balancing Incentive Program	-	2,699,407	-
Tobacco Settlement Recovery Fund			
Senior Health Assistance	1,800,000	1,600,000	1,589,743
Total Grants	**902,221,989**	**1,207,714,604**	**697,000,447**
TOTAL EXPENDITURES	**$ 954,064,355**	**$ 1,256,317,325**	**$ 710,679,592**

REVIEW: 4503
DEPARTMENT ON AGING
TWO YEARS ENDED JUNE 30, 2018

APPENDIX C

Cash Receipts

	FY18	FY17	FY16
General Revenue Fund			
Miscellaneous Reimbursements	$ 661	$ 242	$ 170
Prior Year Refunds	135,799	126,160	428,479
Total Receipts - General Renenue Fund	**136,460**	**126,402**	**428,649**
Senior Health Insurance Program Fund			
U.S. Department of Health and Human Services	1,484,469	1,476,138	1,315,365
Prior Year Refund	-	4,639	-
Services for Older Americans Fund			
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 Deposited in Current Year	35,778	87,598	36,411
Total Receipts - Older Americans Fund	**56,577,110**	**57,993,112**	**59,683,932**
Commitment to Human Services			
Prior Year Refunds	8,304	1,684	1,029
Budget Stabilization Fund			
Prior Year Refunds	66	-	-
Long Term Care Ombudsman Fund			
Prior Year Refunds	-	-	9,743
Tobacco Settlement Recovery Fund			
Prior Year Refunds Deposited in Current Year	64,611	156	232
Department on Aging State Projects Fund			
Prior Year Refunds	-	11	-
TOTAL RECEIPTS - ALL FUNDS	**$ 58,830,011**	**$ 59,042,610**	**$ 61,438,950**

APPENDIX D

Summary of State Property

	FY18	FY17
Beginning Balance, July 1	**$ 689,933**	**771,026**
Additions	2,205	20,349
Deletions	-	(24,097)
Net Tranfers	(42,207)	(77,345)
Ending Balance, June 30	**$ 649,931**	**$ 689,933**

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 11.