

---

---

---

---

---

# Program Audit Follow-up: Area Agencies on Aging

*Prepared for the Committee on Legislative Research  
by the Oversight Division*

*Jeanne Jarrett, CPA, CGFM, Director*

*Audit Team:  
Pam Hoffman, CPA, Team Leader, Robin Pruitt*

*May, 1997*



## TABLE OF CONTENTS

COMMITTEE ON LEGISLATIVE RESEARCH .....	ii
LETTER OF TRANSMITTAL .....	iii
INTRODUCTION, BACKGROUND .....	page 1
AUTHORITY, PURPOSE, and SCOPE .....	page 4
IMPLEMENTATION STATUS OF AUDIT RECOMMENDATIONS	
#1 The DA Not Regularly Monitoring AAAs .....	page 4
#2 The DA and DBF Not Reconciling Reports .....	page 5
#3 Personal Services Misclassified Between Programs .....	page 6
#4 Area Plans Missing Required Documentation .....	page 6
#5 Ombudsman Annual Report Not Prepared .....	page 7



# COMMITTEE ON LEGISLATIVE RESEARCH

## OVERSIGHT SUBCOMMITTEE

THE COMMITTEE ON LEGISLATIVE RESEARCH, Oversight Division, is the audit agency of the Missouri General Assembly as established in Chapter 23 of the Revised Statutes of Missouri. The programs and activities of the State of Missouri cost approximately \$13 billion annually. Each year the General Assembly enacts laws which add to, delete or change these programs. To meet the demands for more responsive and cost effective state government, legislators need to receive information regarding the status of the programs which they have created and the expenditure of funds which they have authorized. The audit work of the Oversight Division provides the General Assembly with a means to evaluate state agencies and state programs.

THE OVERSIGHT DIVISION conducts its audits in accordance with government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to auditors' professional qualifications, the quality of audit effort and the characteristics of professional and useful audit reports.

THE COMMITTEE ON LEGISLATIVE RESEARCH is a permanent joint committee of the Missouri General Assembly comprised of the chairman of the Senate Appropriations Committee and nine other members of the Senate and the chairman of the House Budget Committee and nine other members of the House of Representatives. The Senate members are appointed by the President Pro Tem of the Senate and the House members are appointed by the Speaker of the House of Representatives. No more than six members from the House and six members from the Senate may be of the same political party.

AUDITS ARE ASSIGNED to the Oversight Division pursuant to a duly adopted concurrent resolution of the General Assembly or pursuant to a resolution adopted by the Committee on Legislative Research. Legislators or committees may make their requests for program or management audits through the Chairman of the Committee on Legislative Research or any other member of the Committee.

### COMMITTEE ON LEGISLATIVE RESEARCH

#### *Senators:*

*Senator Harry Wiggins, Chairman*  
*Senator Harold Caskey*  
*Senator William Clay, Jr.*  
*Senator Ronnie DePasco*  
*Senator Franc Flotron*  
*Senator Mike Lyhyer*  
*Senator Walt Mueller*  
*Senator Larry Rohrbach*  
*Senator John Russell*  
*Senator Betty Sims*

#### *Representatives:*

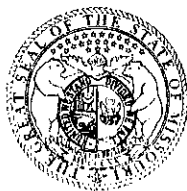
*Representative Larry Thomason, Vice Chairman*  
*Representative Todd Akin*  
*Representative Robert Clayton*  
*Representative Nancy Farmer*  
*Representative Raymond Hand*  
*Representative Kenneth Legan*  
*Representative Sheila Lumpe*  
*Representative Randall Relford*  
*Representative Delbert Scott*  
*Representative Tim VanZandt*



**SENATORS:**

HARRY WIGGINS  
Chairman  
HAROLD L. CASKEY  
WILLIAM L. CLAY, JR.  
RONNIE DePASCO  
FRANC E. FLOTRON  
MIKE LYBYER  
WALT MUELLER  
LARRY ROHRBACH  
JOHN T. RUSSELL  
BETTY SIMS

**STATE OF MISSOURI**



**REPRESENTATIVES:**

LARRY THOMASON  
Vice Chairman  
TODD AKIN  
ROBERT CLAYTON  
NANCY FARMER  
RAYMOND W. HAND  
KENNETH LEGAN  
SHEILA LUMPE  
RANDALL BELFORD  
DELBERT SCOTT  
TIM VAN ZANDT

**COMMITTEE ON LEGISLATIVE RESEARCH**

STATE CAPITOL  
JEFFERSON CITY, MISSOURI 65101-6806

May, 1997

Members of the Committee on Legislative Research:

As required by statute, we have concluded our follow-up review of the December, 1995 program audit report issued on the Area Agencies on Aging. One year after the completion of a management or program audit, the Oversight Division is required to review the operations of the agency audited to determine whether or not there has been substantial compliance with the recommendations contained in the report.

We are pleased to report that two of the recommendations made by the Oversight Division have been fully implemented, with three recommendations not implemented.

The accompanying report includes the original audit findings and recommendations with our comments regarding their status.

Respectfully,

A handwritten signature in cursive script, appearing to read "Jeanne Jarrett".

Jeanne Jarrett, CPA, CGFM  
Director, Oversight Division





---

## Introduction

In 1995, the Joint Committee on Legislative Research directed the Oversight Division to perform a program audit of the Department of Social Services, Division of Aging (DA), in regard to the DA's monitoring of the ten Area Agencies on Aging (AAAs). The Division of Aging was designated under section 305 of the Older American's Act of 1965 (OAA) , as amended through December 31, 1992, and section 660 of the Missouri Revised Statutes of 1994 to be the sole state agency responsible for developing, administering, planing and coordinating a state plan to carry out the programs included under the OAA. In addition, the DA administers programs under the Social Services Block Grant and the United States Department of Agriculture.

The original audit report was intended to inform the General Assembly about the Division of Aging's monitoring of the AAAs.

---

## Background

### Federal Funding

The main purpose of the Older Americans Act of 1965 includes assistance to older individuals to secure equal opportunity. The objectives include adequate income; physical and mental health; suitable housing; employment opportunities; retirement in health, honor and dignity; meaningful activity; efficient community services, including transportation; benefit from research knowledge; freedom and independence. The majority of the OAA programs are funded from the United States Department of Health and Human Services.

Several programs are included in the OAA, including Titles III, IV, V and VII. Title III grants may be used for supportive services, congregate and home-delivered meals, the development and operation of multipurpose senior centers and legal assistance. Title III covers only eighty five percent of the costs of these services. The state and the AAAs must cover the remaining fifteen percent. Up to five percent of this grant may be used for administration by the state, and ten percent may be used by the AAAs for administration.

OVERSIGHT DIVISION  
Program Audit Follow-up 1997  
Area Agencies on Aging

The purpose of the Title IV program is to expand the nation's knowledge of aging, test ideas in programs and disseminate the results of the tests publicly. These objectives are accomplished through training personnel working with older individuals, research and development, demonstration projects and dissemination of aging information.

The Title V program involves community service employment for older Americans. Funding for this program comes from the Department of Labor. The purpose of Title V is to provide part-time community service activities for persons who are at least fifty-five years old and unemployed. This is done by working with public or private organizations. The total administrative allowance allowed for the state and AAAs is 13.5 percent.

Title VII relates to elder rights protection. Title VII establishes a State Long-Term Care Ombudsman Program. The duties of the ombudsman include identifying, investigating and resolving complaints by or on behalf of residents of long-term care facilities. State demonstration projects for outreach to older individuals are also included under Title VII. These projects include benefits counseling and medical assistance information. Additional areas covered by Title VII include programs to prevent abuse, neglect and exploitation of the elderly and legal assistance to ensure elder rights.

In addition to federal funding under the OAA from the United States Department of Health and Human Services and Department of Labor, the DA also passes Social Services Block Grant (SSBG) and United States Department of Agriculture (USDA) funds to the AAAs. The SSBG funds can be used for supportive services, prevention of neglect and abuse, preventing institutional care and services to individuals in institutions. Under USDA funding, food or cash is made available for congregate and home-delivered elderly meals.

During state fiscal year 1994, approximately \$26 million in federal funds were expended by the AAAs, which had been passed on to them by the DA. In addition, during the same year, approximately \$2 million in state general revenue was passed on to the AAAs. The DA is audited annually by the State Auditors Office in compliance with the Office of Management and Budget (OMB) Circular A-128, which is a financial and federal compliance audit.

The Division of Aging and Area Agencies on Aging

The Division of Aging receives federal grant award notifications, based on a federal fiscal year, from the federal Department of Health and Human Services, Department of Labor and Department of Agriculture. Based on the grant notifications, funding formulas and an equitable distribution plan, the DA determines the amounts available to each area agency on aging by preparing planning allotment tables.

Area agencies on aging prepare area plans in accordance with the OAA, which are submitted to the DA for review. The area plans provide assurances that the AAAs will use funds as intended by the OAA.

The AAAs either contract out services or provide services directly. Many services, like congregate meals, are provided by senior centers. The AAAs submit monthly billings to the DA for reimbursement. The DA reviews the billings, ensuring that AAAs do not exceed their budget, and payment is remitted to the AAAs by the Department of Social Services, Division of Budget and Finance.

The AAAs are audited annually by independent external auditors. These audits are in compliance with the OMB Circulars A-128 and A-133. The main focus of these audits is financial and compliance. The DA procures these audits for eight out of the ten AAAs.

Based on information submitted by the AAAs, the DA prepares a State Program Report for Title III. This report is submitted to the federal Department of Health and Human Services (HHS). The report includes demographic characteristics of the state, participant counts, senior center counts and ombudsman program information. This information is reviewed by the DA and HHS for any changes in services which are not the result of changes in funding levels.

The Department of Health and Human Services conducted a review in 1994 of the DA in regard to the funds passed on to the AAAs. All of their findings were resolved except for one related to DA's monitoring of the AAAs, which was included as a finding in the original audit report.

---

## Authority, Purpose, and Scope

This follow-up audit was conducted under the authority of Section 23.190 RSMo, which requires that one year after the completion of each audit the Oversight Division shall review the operations of the agency audited to determine whether or not there has been substantial compliance with the recommendations contained in the audit report. This follow-up was conducted according to generally accepted government auditing standards. Audit testing was limited in the follow-up, consisting mainly of conducting interviews and some limited sampling. With respect to items not tested, nothing came to our attention that would cause us to believe that the state is not in compliance with any applicable laws, regulations, contracts or grants.

The purpose of this report is to present our conclusions regarding the Department of Social Services, Division of Aging's status in implementing recommendations from the December 1995 performance audit. The report detailing that performance audit contained five recommendations.

---

## Implementation Status of Audit Recommendations

<b>FINDING #1:</b>	The Division of Aging did not have a regular schedule for the monitoring of the ten Area Agencies on Aging.
--------------------	---

### **RECOMMENDATION TO FINDING #1**

The Oversight Division recommended that the Division of Aging perform its own monitoring of the AAAs on an annual basis, which includes examining original supporting documentation for unit serviced (sign-in sheets, time sheets, etc.) as well as compliance issues addressed by the Older Americans Act and the Social Services Block Grant.

Although visiting the AAAs as the need arises based on desk reviews can be an effective method of detecting problems, the Oversight Division

recommended, in addition to this procedure, that an annual monitoring be done of each AAA in order to address areas that may not be covered during the desk review.

The DA may also consider adding to the RFP and audit criteria that the external auditors audit units served in a way that satisfies the DA's requirements.

**Status:**

*Implemented. In 1996, the DA completed on-site monitoring of the ten AAAs. The DA plans to continue annual on-site monitoring of the AAAs.*

<p><b>FINDING #2:</b> The Division of Aging and the Division of Budget and Financial (DBF) did not reconcile the federal reports prepared by the DBF to the administrative costs calculated by the DA and the Schedule of Federal Financial Assistance of the AAAs.</p>
---

**RECOMMENDATION TO FINDING #2**

The Oversight Division recommended that the Division of Aging and the Division of Budget and Finance reconcile the information contained in the SF 269s and the expenditures included in the AAAs' Schedules of Federal Financial Assistance to ensure consistency in reporting of expenditures and methods of calculations of administrative expenditures.

The reconciliation could detect clerical errors or differences in methods of calculations used by the two divisions. The reconciliation would also provide a clear trail that the state's Schedule of Federal Financial Assistance includes the information from the AAAs' Schedules of Federal Financial Assistance to ensure completeness of both schedules.

**Status:**

*Not implemented. The DSS does not believe they would benefit from performing the recommended reconciliation.*

**FINDING #3:** Some of the personal service costs for the Division of Aging's Older American Act Unit appeared to be misclassified between programs.

**RECOMMENDATION TO FINDING #3**

The DA should review the position codes of the staff working on the OAA and SSBG programs. Position codes should be changed, as necessary, to reflect employee duties so that the appropriate funding sources are charged. This would ensure accurate and consistent accounting for all program costs.

***Status:***

*Not implemented. The recommended review of staff position codes has not yet been completed. The DSS indicated the review may be completed in 30 to 90 days.*

**FINDING #4:** Three of the ten AAA area plans were missing documentation required by the Older Americans Act.

**RECOMMENDATION TO FINDING #4**

Oversight recommended the Division of Aging obtain the documentation missing from the area plans.

***Status:***

*Implemented. The Division of Aging obtained the documentation missing from the area plans. Subsequent plans appear to be complete.*

**FINDING #5:** The Division of Aging had not prepared an annual report for the ombudsman program pursuant to a requirement of the Older Americans Act.

**RECOMMENDATION TO FINDING #5**

Oversight recommended that the Division of Aging, through the State Ombudsman, prepare the annual report in order to be in compliance with Section 712 (h) of the Older Americans Act. This report could provide necessary information to the public, as well as government officials.

***Status:***

*Not implemented. The Division of Aging has not prepared an annual State Ombudsman's Report. The Division of Aging plans to complete a State Ombudsman report for Fiscal Year 1997.*

