

# LEGISLATIVE AUDIT COMMISSION



Review of  
Department on Aging  
Two Years Ended June 30, 2008

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**REVIEW: 4313  
DEPARTMENT ON AGING  
TWO YEARS ENDED JUNE 30, 2008**

**FINDINGS/RECOMMENDATIONS - 13**

**ACCEPTED - 11  
IMPLEMENTED - 2**

**REPEATED RECOMMENDATIONS - 12**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 15**

This review summarizes the auditors' report on the Department on Aging for the two years ended June 30, 2006, filed with the Legislative Audit Commission on May 10, 2007. The auditors performed a compliance examination in accordance with State law and *Government 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. Appendix A presents statistical information on the Department's State Community Care Program. The average monthly caseload in FY08 was 50,183. The average caseload in FY99 was 35,803.

The Director of the Department during the audit period was Charles D. Johnson. He became the Director on March 1, 2003 and still remains in that position. Previously, Mr. Johnson served as Executive Director of the Northeastern Illinois Area Agency on Aging in Kankakee from 1974 to 2003.

The average number of persons employed by the Department was 155.0 in FY08; 152.5 in FY07 and 145.5 in FY06. In FY05, the Circuit Breaker and Pharmaceutical Assistance program moved from the Department of Revenue to the Department on Aging.

**Expenditures From Appropriations**

The General Assembly appropriated a total of \$541,017,635 to the Department for FY08. Of the total appropriation, approximately \$459 million was expended for grant purposes, with the remaining \$66.25 million was expended for operating expenses. Of the total appropriation, \$459.7 million, or almost 85%, is from the General Revenue Fund, with 15% from the Older Americans Fund and two other funds. Appendix B presents a summary of appropriations and expenditures for FY08 through FY06.

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Total expenditures were \$525,291,608 in FY08 compared to \$486,739,392 in FY07, an increase of almost \$38.5 million, or 7.9%. Total expenditures for operations were almost \$67.28 million in FY07 and \$66.25 million in FY08, a decrease of \$1 million, or 1.5%. At the same time, total expenditures for grants increased by almost \$40 million from \$419.5 million in FY07 to \$459 million in FY08. Significant variations in expenditures from FY07 to FY08 primarily occurred as follows:

- \$27 million increase in the Community Care Program, Homemaker and Senior Companion Services; and
- \$9.7 million increase to accommodate growth with the Case Management portion of the Community Care Program and the introduction of Comprehensive Care Coordination.

Lapse period expenditures were 6.9%, or \$36.2 million in FY08.

### **Cash Receipts**

Appendix C is a summary of cash receipts of the Department for FY08 through FY06. Total cash receipts were \$61,259,759 in FY07 compared to \$57,801,595 in FY08, a decrease of \$3.46 million, or 5.6%. The changes in cash receipts were due to a one-time grant of \$2 million received from the Illinois Housing Development Authority in FY07 and a \$2 million reduction in funds from the U.S. Department of Health and Human Services.

### **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 decreased from \$2,363,658 as of July 1, 2006 to \$1,905,772 as of June 30, 2008. The decrease was due to deletions of old equipment.

### **Accountants' Findings and Recommendations**

Condensed below are the 13 findings and recommendations presented in the report. There were 12 repeated recommendations. The following recommendations are classified on the basis of information provided in the compliance examination report by Patricia Carter, Chief Fiscal Officer.

#### **Accepted or Implemented**

- 1. Update the disaster contingency plan to reflect current operations. As new developments and/or modifications occur, update plan to ensure it remains current and can be relied upon during a disaster situation. Also,**

**Accepted or Implemented - continued**

- **Require formal reviews and updates of the Plan at least annually;**
- **Establish testing procedures, including documentation requirements; and**
- **Provide for alternate sites for restoration of service should the Department's primary computing facilities become inoperable.**

**Assess the criticality of systems and determine a reasonable recovery timeframe associated with the critical application. Incorporate recovery timeframes into the department's contingency plan and test during recovery testing.**

**Once updated and approved, test the Plan to ensure it is adequate in recovering the critical systems and computer operations. Test the Plan at least annually and update the contingency plan accordingly based on testing results. Store a copy of the Plan at a secured, offsite location and make available to appropriate personnel. (Repeated-2004)**

**Finding:** The Department did not establish an adequately developed and tested disaster contingency plan for ensuring recovery of its critical computer systems.

The Department relies on several critical applications, including the Community Care Program Information System (CCPIS), for meeting its business objectives and administering \$716 million in State funds. Upon examination, the auditors noted the following deficiencies:

- The Department did not update its contingency plan (Plan) to reflect its current environment and did not include the web-based component (eCCPIS) of the Department's most critical system (CCPIS) within the Plan.
- The Plan did not include recovery timeframes associated with recovering the Department's critical applications. The Department did not perform an analysis of the maximum allowable downtime for critical applications.
- The Plan did not contain procedures for performing recovery tests, nor did it include testing documentation requirements.
- The Plan did not include discussion of an alternate recovery location.

In addition, although Department officials stated they routinely recover lost files and rebuild network servers during the normal course of business, the Department never tested its disaster contingency plan to ensure the Plan is adequate for recovering its critical systems and computer operations.

Although Department officials were aware of this deficiency, officials stated the Department is awaiting finalization of a contingency plan currently being developed by a newly formed Disaster Recover/Business Continuity Plan Work Team. The Department plans on expanding the contingency plan to include all Department computer systems, including the eCCPIS component.

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### Accepted or Implemented - continued

**Response:** Accepted. The draft version of the final comprehensive plan has identified eCCPIS as a critical service. The anticipated final sign-off on the plan is July 1, 2009. A detailed eCCPIS recovery plan exists and was last updated January 5, 2007.

A business risk evaluation is part of the revised plans steps, and will aid in the creation of the time frames for the next revision to the final comprehensive plan. The methodology applied is a 7-step process in which, after performing the steps the work team determines to be imperative, the Department will have a comprehensive plan. A brief overview of each step has been explored by the "Disaster Recovery/Business Continuity Plan Work Team", including prioritization of applications. A few techniques for building a recoverable environment were discussed, including the potential costs required to build an environment that is "hot" swappable (standing ready).

Testing is an important aspect of the new disaster recovery plan, and all necessary elements will be included. Quarterly tests are standard operating procedure under the new plan.

The disaster recovery build-out will continue at the Ridgely site, where the Print Shop is currently located; although the final comprehensive plan will include a discussion of an alternate recovery location, as well. Currently, there is a server in place and it is performing nightly back-ups of the Springfield and Chicago servers. The addition of GroupWise is also being researched and tape back-ups are performed nightly; procedures include taking the tapes to an off-site storage location in Springfield.

A committee has been formed and designated as the "Disaster Recovery/Business Continuity Plan Work Team". The plan is for the team to meet quarterly, upon acceptance of the final comprehensive plan, so that tests of elements of the plan can occur quarterly. The PMO will also be included in this process so that any changes to the Department's applications can be acted upon soon after the implementation decision has been made.

Testing procedures will be developed, including documentation for the testing process, and are included in the framework of the final comprehensive plan. The Project Management Office is included to ensure they are aware of any testing involving the Agency applications.

- 2. Fill the various vacancies on both the Older Adult Services Advisory Committee (OASAC) and the Community Senior Services and Resource Center Advisory Committee (CSSARCAC) in order to comply with the statute. Further, ensure that the Community Senior Services and Resource Center Advisory Committee (CSSARCAC) holds meetings as required by the statute or seek legislative remedy. (Repeated-2006)**

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**Finding:** The Department failed to ensure all membership requirements were met on various committees for which it has been charged with oversight.

As of June 30, 2008, the membership of OASAC was deficient in membership representation of the following categories:

- One nutrition project representative (vacant since March 2008)
- One nursing home representative (vacant since March 2007)
- One representative of municipalities (vacant since September 2005)
- One representative of county officials (vacant since July 2004)

As of June 30, 2008, the membership of the CSSARCAC was deficient in membership representation of the following categories:

- One member as recommended by an association representing township governments (vacant since March 2006)
- One member as recommended by an association representing park districts (vacant since April 2006)
- One member as recommended by an association representing municipalities (vacant since January 2004)
- One member who is a director of an Area Agency on Aging (vacant since February 2005)

Additionally, the CSSARCAC has not held a meeting since October 2005.

Regarding the OASAC, Department officials stated that as membership of the various committees ends for various reasons (resignation, death, etc.), it is sometimes difficult to find appropriate replacements for the categories that are left vacant. Accordingly, the department has invited representatives from the vacant categories, but none has responded.

In regards to the CSSARCAC, Department officials stated that the group has not been able to conduct a meeting in the last three years due to disinterest since there is no business to conduct without funding to provide grants for this program pursuant to statute. In addition, Department officials stated that in the past year they have sought both a general revenue appropriation in the amount of \$250,000 to fund the Community Senior Services and Resources Act and a legislative remedy (House Bill 5703) to repeal the act.

**Response:** Accepted. The Department staff will continue to work with the Chair of the CSSARCAC to determine the feasibility of scheduling meetings. It has been about four years since the Department sent the name of a nominee for the vacant Area Agency on Aging position on the Advisory Council Governor's office. On January 9, 2007, Director Johnson and Department staff met with the Chair of the Advisory Committee and several other representatives of the Illinois Association of Senior Centers to discuss vacancies on the committee. At that time, the Advisory Council Chair stated that she would try and identify possible replacements. So far, she has not been able to identify any replacements.

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The Department will continue to solicit members from the associations representing townships, municipalities, area agencies on aging, and park districts. Except for area agencies on aging, the other interests identified in the legislation have not found the subject matter of the OASAC particularly relevant to their primary issues and have not identified someone to represent their interests. The department will consider a legislative remedy if efforts to solicit membership from these associations fail again this year.

- 3. Fully implement the Community Senior Services and Resources Act by seeking and obtaining funding to administer the provisions of the Act, including promulgating rules, regulations, guidelines, and directives necessary to implement the Act, making grants and facilitating access to government-issued bonds as called for under the Act, and providing technical assistance to centers. Further, develop a comprehensive list of centers and the senior services offered for publication and distribution through other promotional opportunities as well as report annually in conjunction with the Advisory Committee to the Governor and the General Assembly as called for under the Act. If the aforementioned recommendations are found to be unattainable by the Department, seek legislative remedy for the statutory requirement. (Repeated-2004)**

**Finding:** The Department failed to implement the provisions of the Community Senior Services and Resources Act (Act).

The Department did establish a Community Senior Services and Resource Center Advisory Committee. The membership was appointed by the Governor in July 2004. However, this committee has not met since October 2005. The Department did not promulgate any rules, regulations, guidelines or directives necessary to implement the Act. Efforts by the Department to pursue alternative funding from those sources outlined in the legislation to administer the provisions of the Act have been unsuccessful; therefore, no grants have been made, no government bonds have been issued, and technical assistance has not been provided to centers. The Department did develop a survey to gather information from the centers concerning the lack or inadequacy of senior services and to identify service demand trends and the unique needs of older Illinoisans and their families. However, this survey was last done in 2006. Although there are various listings of the centers available on the Department's website that offer certain services, a comprehensive list of centers and the services they provide has not been compiled for distribution through other promotional opportunities. No report regarding the program has been made to the Governor or the General Assembly.

Department officials stated that they have been unable to obtain funding to implement the Act. Department officials also stated that they have not determined the amount of funding necessary to implement the Act due to the expected large cost of surveying all of the Area Agencies on Aging and the Senior Centers. Department officials further stated that in the past year they sought a general revenue appropriation of \$250,000 for funding as well as a legislative remedy to repeal the Act.

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**Response:** Accepted. This past year the department sought first a legislative remedy and then a general revenue appropriation. Both efforts were unsuccessful. For the FY2010 legislative and budget process, the Department will again seek both remedies. If successful with a legislative remedy, the Department will implement that remedy. If successful in obtaining a general revenue appropriation, the Department will work with the community Senior Services and Resources Advisory Committee to implement the necessary rules and procedures to make awards under this Act.

- 4. Seek the appointment of additional members to Older Adult Services Advisory Committee that would fulfill the requirements of the Advisory Committee and the Coordinating Committee in order to comply with the statutes or seek legislative remedy from these committee requirements. (Repeated-2006)**

**Finding:** The Department failed to establish various committees as required by State statute. During the two years ended June 30, 2008, there was neither an Advisory Committee for the Prevention of Unnecessary Institutionalization Program nor a Coordinating Committee of State Agencies Serving Older Persons established by the Department.

Department officials stated the Older Adult Services Advisory Committee (OASAC) was formed under the Older Adult Services Act and eliminated the need for these separate committees as it fulfilled the intended requirements of these committees. Upon inquiry, it was noted that although OASAC is addressing the issues intended to be addressed by the above required committees, its required membership did not fulfill all of the membership requirements of the aforementioned committees.

The Advisory Committee is required to have as a part of its membership three individuals age 60 or over representing different disabilities. OASAC is required to have two citizen members over the age of 60, and one member representing individuals with Alzheimer's disease and related dementias.

The Coordinating Committee is required to have as a part of its membership the State Superintendent of Education, Secretary of Transportation, Director of Labor, Director of Children and Family Services, and the Director of Revenue. These individuals are not members of OASAC.

**Response:** Accepted. The Department will bring the mandate to the attention of the new governor's office staff and seek direction either to re-establishing these committees or seek a legislative remedy to have them repealed. The general assembly subsequently established the Older Adult Services Advisory Committee, which meets regularly, assumes many of the same functions, and engages many of the same state agencies as

**Accepted or Implemented – continued**

the Advisory Committee for the Prevention of Unnecessary Institutionalization and the Coordinating Committee of State Agencies Serving Older Persons.

**5. Adopt the policies, priorities and guidelines needed regarding the establishment of specialized Alzheimer’s Day Care Resource Centers in order to adequately fulfill State statute. (Repeated-2005)**

**Finding:** The Department failed to adopt policies, priorities and guidelines to carry out the purposes of the Illinois Act on Aging in regards to the establishment of specialized Alzheimer’s Day Care Resource Centers and encourage the development of adult day care for these persons through the administration of specialized Alzheimer’s Day Care Resource Centers. The Act requires the Department to establish at least one urban and one rural specialized Alzheimer’s Day Care Resource Center, to develop a training module for the specialized Alzheimer’s Day Care Centers and to adopt policies, priorities and guidelines to carry out the purposes of this section of the Act.

The Department has established two Alzheimer’s Day Care Resource Centers that aid in the training of specialized Alzheimer’s Day Care Centers and has developed a module to aid in that training. However, no policies, priorities or guidelines have been adopted in order to carry out the purposes of this section of the Act.

**Response:** Accepted. The Illinois Act on Aging required the Department to establish at least one urban and one rural specialized Alzheimer’s Day Care Resource Center to develop a training module for the specialized day care centers and to adopt policies, priorities and guidelines to carry out the purposes of this section of the Act. The Department had established two Alzheimer’s Day Care Resource Centers that aid in the training of specialized Alzheimer’s Day Care Centers and have developed a module to aid in training. However no policies, priorities or guidelines have been adopted in order to carry out the purposes of this section of the Act. The Department is in the process of procuring for assistance to establish the policies, priorities and guidelines in order to be in full compliance.

**6. Implement appropriate compensating controls or revise policies and practices to segregate duties and strengthen internal controls over payroll processing. (Repeated-2004)**

**Finding:** The Department lacked proper segregation of duties in processing payroll. The payroll supervisor has the ability to change payroll transactions in the Department’s Central Payroll System and is also responsible for reviewing and approving the transactions.

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Department officials stated that the lack of the appropriate number of staff in the fiscal office made segregating duties difficult and the need to have an employee that acts as a backup for the payroll clerk.

**Response:** Accepted. The fiscal department is currently restructuring operations. The revised protocol is for the payroll supervisor to act as the back-up to the payroll clerk (this position is currently open and should be filled in the next 30-60 days). The supervisor will review the work of the clerk and have the ability to make entries into the payroll system in the clerk's absence. The Bureau Chief will have the sole authority to approve payroll transactions, vouchers, etc.; but will not have access to enter or change data in the payroll system.

### 7. **Comply with the requirements as set forth in the Family Caregiver Act and establish a demonstration project or continue to seek legislative remedy. (Repeated-2006)**

**Finding:** The Department failed to establish a Family Caregiver Training and Support Demonstration Project as required by the Family Caregiver Act.

During the two years ended June 30, 2008, the Department did not establish a Family Caregiver Training and Support Demonstration Project as set forth in this statute. Additionally, no rules were adopted to govern the participation and oversight of the program. However, the Department attempted unsuccessfully through House Bill 5703 to have this section of the statute repealed.

Department officials stated that there were no federal funds available for this particular type of project due to there already being a project that mirrors the one set forth in this statute at the federal level. The Department received \$6,021,526 and \$6,242,158 of federal funding for this program during fiscal 2008 and 2007, respectively. Department officials also stated that they felt that the Department was fulfilling the essence of this statute through two Aging and Disability Resource Center (ADRC) sites that the Department has established. These ADRC sites (funded under the federal Older Americans Act) do not focus solely on family caregiver training and support; however, they do provide some of these services.

**Response:** Accepted. This legislation was passed in anticipation of federal funding, which has not been forthcoming. Without federal funds, there is no basis for this legislation. Last year, the Department sought a legislative remedy via Senate Bill #1432. SB 1432 would have amended the Family Caregiver Act by repealing the provision concerning a Family Caregiver Training and Support Demonstration Project. The Department will continue to seek a legislative remedy to this finding.

**Accepted or Implemented - continued**

- 8. Comply with the statute by properly submitting copies of the Enhanced Transition grant awards to the Illinois Health Facilities Planning Board. (Repeated-2006)**

**Finding:** The Department failed to submit copies of the grant awards made under the Enhanced Transition Demonstration Project to the Illinois Health Facilities Planning Board. The Older Adult Services Act requires that the Department send a copy of each grant award made under this subsection to the Illinois Health Facilities Planning Board for the purpose of maintaining the statewide inventory authorized by the Illinois Health Facilities Planning Act.

Beginning July 1, 2007, the Department made grants to six area agencies on aging under the Enhanced Transition Demonstration Project. The Department did not send copies of any of these grant awards to the Board. Department officials stated that the grant awards were not submitted to the Board due to inadvertent oversight by staff members.

**Response:** Accepted. The Department will comply with the statute by submitting copies of the Enhanced Transition grant awards to the Illinois Health Facility Planning Board.

- 9. Comply with the Act on Aging and the Elder Abuse and Neglect Act by filing the annual reports for the Minority Senior Citizen Program, the Elder Abuse and Neglect Act, and the pilot project grants on time each year. (Repeated-2006)**

**Finding:** The Department failed to file reports required by various statutes with the Governor and General Assembly.

The Illinois Act on Aging requires the Department to cooperate with the Department of Public Health, the Department of Healthcare and Family Services and the Department of Human Services in the development and submission of an annual report on programs and services provided under the Minority Senior Citizen Program. During the year ended June 30, 2007, the Departments, did develop an annual report on the programs provided under the Minority Senior Citizen Program, but did not file the report with the Governor or the General Assembly.

Department officials stated that the Department is waiting for signatures from the various agencies that provide information for these reports before submitting the FY07 report to the General Assembly. In addition, Department officials stated that the draft of the FY08 report has been completed and is ready to format.

The Department has developed an annual report on the Elder Abuse and Neglect Act. However, this report has not been filed with the Governor or General Assembly within 270 days after the end of FY07 as required by law.

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Department officials explained that, in order to enhance the system for generating annual reports in the future, the IT department is working on building a program that will automatically transfer data into charts and tables when it is entered. The Department is using the FY07 data to create this program, which has caused a delay in filing the report with the General Assembly.

Furthermore, the Department failed to report the pilot project grants to the General Assembly prior to December 1<sup>st</sup>. Department officials stated that no pilot project grants have been awarded and no reports were submitted to the General Assembly.

**Response:** Accepted. As stated in the finding, the FY 2007 annual report for the Elder Abuse and Neglect Program was not filed with the Governor and General Assembly within 270 days after the end of FY 2007. The compilation of the data for the annual report is completed by using information entered on the Elder Abuse System (EAS). Historically, there has been a delay in reconciling the final numbers because the system is antiquated. After the end of FY 2007, the IT staff created a new system for populating the data. The development of this improved method did delay finalizing the data for FY 2007, but the report is now finished, is being printed and will be available for filing in March 2009. The time spent in this project during the past year, will permit the FY 2008 annual report to be filed within the required time frames.

### 10. Implement procedures to ensure that all vouchers are properly prepared in compliance with the Illinois Administrative Code. (Repeated-2004)

**Finding:** The Department did not exercise adequate control over voucher processing as follows:

- Eleven of the 265 (4.15%) invoice vouchers tested for timely approval were not approved or denied within 30 days of receipt of a proper bill. The Department approved the vouchers from 5 to 54 days late.

Department officials stated that these exceptions were caused by oversight due to low staffing.

- The Department did not pay Department of Central Management Services telephone billings in a timely manner or in the appropriate fiscal year. During testing, auditors noted that two of the 100 telephone billings tested had "catch up billing" in the description. Both of these invoices were for telephone charges in FY06, but were paid out of FY07 appropriations.

According to Department staff, there was a delay in payment due to the billings being lost when they were sent to divisions to approve charges for their division, and that the Department had to contact Central Management Services in order to obtain the necessary documentation to pay the bills.

**Response:** Implemented. Revised procedures have been developed for voucher processing. Each invoice received for payment is date stamped upon receipt and entered onto a tracking log. The Voucher Processing Supervisor monitors the status of invoices

**Accepted or Implemented – continued**

sent to the divisions for approval based on the tracking log and takes the necessary follow-up steps for invoices approaching the 30 day approval deadline.

**11. Obtain and maintain adequate support before paying expenditures by requiring the original charge tickets be attached to the invoice. Further, the Department should maintain documentation showing the cost/benefit for approvals of taking home vehicles on weekends. (Repeated-2006)**

**Finding:** The Department did not have sufficient internal controls over automobile records. Auditors noted the following conditions:

- 14 of 20 (70%) of the invoice-vouchers tested revealed the original charge tickets were missing. As a result, these charges could not be traced to the vehicle or the employee who incurred the charge.
- 5 of 143 (3.5%) of the charges for gasoline tested were for purchases made on a weekend and the Department did not have any documentation of approval for weekend use of the vehicle on three of these charges.

Department officials stated that the reasons for missing charge tickets were due to employees failing to submit tickets and tickets being misfiled by fiscal staff members. Two of the five instances of purchasing gasoline on the weekend were done by the agency Director, who has been assigned a state vehicle which he uses to conduct agency business during the week, and possibly, during weekends. According to Department officials, the three occasions where gasoline was purchased during the weekend are attributable to employees returning from a business trip late Friday night.

**Response:** Implemented. The Agency's policies regarding vehicle usage have been updated to provide a remedy for missing gasoline charge tickets and to better document authorization for week-end vehicle usage. If the employee fails to provide a charge ticket for any charges incurred on the gasoline card while it was in their possession, an incident report will be completed by the employee documenting their usage of the gasoline card. The employee's immediate supervisor will need to acknowledge the charge card usage as well. The incident report will then be attached to the gasoline charge card invoice and become a permanent component of the voucher package.

Any vehicles scheduled to be returned to the Agency after close of business on Friday, will require written prior approval from the employee's supervisor. Any emergency situations which may occur and for which reasonable planning could not have anticipated will be fully documented in the vehicles usage records by completing an incident report.

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- 12. Implement the necessary internal controls to consistently report the valuation of receivables, and write-off the accounts believed to be uncollectible as well as attempt to demonstrate to the Comptroller that pursuit of the receivables over \$1,000 individually via the Comptroller's Offset System would not be cost effective to the State. (Repeated-2006)**

**Finding:** The Department did not have adequate controls over the accounts receivable reporting process which led to inaccurate reporting of the estimated uncollectibles and failed to follow procedures regarding the Comptroller's Offset System for past due accounts.

- With respect to the accounts receivable reporting and reconciliations performed during FY07 and FY08, auditors noted that for seven of the eight quarterly accounts receivable reports tested, the Department did not report a balance of the estimate of uncollectible receivables. For the quarter ended June 30, 2008, the Department reported \$351,000 of the \$363,000 of gross receivables as uncollectible. The receivables reported on the quarterly reports arise from grant overpayments by the Circuit Breaker Program.

Department officials stated that although they had calculated the amount of accounts receivable deemed uncollectible, it was inadvertently not included on the quarterly accounts receivable reports to the Comptroller until the quarter ending June 30, 2008.

- At June 30, 2008, the Department had \$363,000 of gross accounts receivable made up of 874 individual accounts. Of that amount, \$321,000 was past-due by 90 days or more.

During testing, auditors noted that several of the accounts included in the detail of accounts receivable were over \$1,000 and 90 days past due, and that none of these amounts had been placed with the Comptroller's Offset System.

According to Department staff, a decision was made many years ago to not pursue collection of these receivables in most cases other than reducing future grant payments since the claims are made up of grant overpayments generated by the Circuit Breaker Program, and that collection of the amounts could result in political backlash against the Department since participants of the program are low-income elderly citizens. Also, the Department believes that referral to the offset system would not be cost effective.

**Response:** Accepted. The Agency has begun to report the estimated value of uncollectible receivables on its quarterly report to the Comptroller.

The accounts reported as uncollectible each quarter are the result of overpayments made by the Circuit Breaker Program—many of these accounts were transitioned from the Department of Revenue when the grant program was transferred to the Agency. The

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### Accepted or Implemented - concluded

average grant award for this program is \$250, with the maximum being \$700. Most of the accounts on the receivables ledger have been carried forward for more than 5 – 10 years; additionally, interest has been applied to the outstanding balance and the result, over time, is an account greater than \$1,000. Many of the applicants eligible for the Circuit Breaker grant program continue to be eligible in future years, so the account balance is off-set each fiscal year by 50% of the new grant award.

Currently, we are evaluating the remaining accounts receivable balances for immediate disposition and will begin to write-off balances for deceased grantees and small balances where there has been no new grant activity in the last three years. We will also work with the Comptroller to explore the offset system.

### 13. Direct Senior Pharmaceutical Assistance Review Committee to meet at least quarterly as required by the Senior Pharmaceutical Assistance Act or seek legislative remedy to the statutory requirement.

**Finding:** The Department's Senior Pharmaceutical Assistance Review Committee failed to meet at least quarterly.

Department officials stated that the last Senior Pharmaceutical Assistance Review Committee meeting was held on November 30, 2006. There were no meetings for the rest of FY07 and none were held in FY08.

**Response:** Accepted. Since the passage of the Senior Pharmaceutical Assistance Act in 2002, the federal government established Medicare Part D, which transferred to the federal government from the states the responsibility for meeting the pharmaceutical needs of older adults. This has dramatically decreased the number of bills introduced in the Illinois General Assembly related to pharmaceutical assistance, one of the key reasons cited in the legislation for the establishment of the Senior Pharmaceutical Assistance Review Committee. With much less attention and authority at the state level, there has been less of a need for and interest in this committee. The Department will consult with the four legislative leaders cited in the legislation who are responsible for 12 of the appointments to determine whether they wish the committee to be reestablished or if they prefer to pass legislation that would modify the requirements based on the current limited state role or repeal it.

### Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle 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 for emergencies "involving public health, public safety, or where immediate expenditure is necessary for repairs to

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State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records, or to avoid lapsing or loss of federal or donated funds. The chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The 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.

During FY07 and FY08, the Department filed no affidavits for emergency purchases.

### **Headquarters Designations**

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

As of July 2008, the Department indicated it had no employees assigned to locations other than official headquarters.