

**DEPARTMENT FOR THE AGING
RICHMOND, VIRGINIA**

**REPORT ON AUDIT
FOR THE PERIOD
JANUARY 1, 1998 THROUGH JUNE 30, 1999**

***AUDITOR OF
PUBLIC
ACCOUNTS***



COMMONWEALTH OF VIRGINIA

AUDIT SUMMARY

Our audit of the Department for the Aging for the period January 1, 1998 through June 30, 1999, found:

- proper recording and reporting of transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- no material weaknesses in internal controls; and
- compliance with applicable laws and regulations tested.

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AGENCY HIGHLIGHTS

The Department for the Aging's programs include health, education, nutrition, in-home care, transportation, and other supportive services to improve the quality of life for older Virginians.

The Department develops a multi-year state plan for services funded by the Older Americans Act that the Governor approves and submits to the Federal Administration on Aging. The plan addresses the following four issues:

- Identifies the Department as the state agency responsible for coordinating the state programs and activities for the Older Americans Act.
- Includes the statewide program objectives to implement the requirements of the Act.
- Describes a plan for the distribution and use of federal and state funds to meet the purposes of the Act.
- Identifies and designates the geographic boundaries of the Planning and Service Areas and the Area Agencies on Aging.

In addition to federal funding, the Department receives state funds to provide services that meet the critical care needs of older Virginians. The Department disburses most of its general fund appropriations directly to the Area Agencies on Aging, but also contracts with other organizations for respite care, adult day care, guardianship, senior centers, and the state's long-term care ombudsman program.

For the year ended June 30, 1999, the Department received General Fund appropriations of \$12,529,714; special revenues of \$141,192; and federal funds totaling \$19,338,748. The Department's operating expenses included \$1,048,303 in salaries and fringe benefits for 22 salaried employees, \$211,185 for contractual services, \$124,664 for continuous charges, \$98,988 for equipment costs, and other expenses of \$34,866. The Department transferred \$29,620,757, or 95.5 percent, of its total disbursements, to the Area Agencies on Aging and other contractors.

Area Agencies on Aging

The Department designated 25 local entities as Area Agencies on Aging (Area Agencies) during the 1970's, with each Area Agency serving a defined geographic area called a Planning and Service Area. Of the 25 Area Agencies, 14 are private nonprofit corporations, 5 are units of local government, 5 are two or more local governments that exercised joint powers to create the Area Agency, and 1 is part of a Mental Health, Mental Retardation, And Substance Abuse Services Community Services Board.

Area Agencies utilize federal Older Americans Act funds, state and local funds, and other private sources to plan, coordinate, administer, and evaluate programs and services for their areas. The following table indicates total funds expended by each Area Agency for the federal fiscal year 1999.

Area Agencies On Aging Funding

Private Nonprofit Corporations:

Mountain Empire Older Citizens, Inc.	\$ 982,360
Appalachian Agency for Senior Citizens, Inc.	973,572
LOA-Area Agency on Aging, Inc.	1,548,682
Valley Program For Aging Services, Inc.	1,503,351
Shenandoah Area Agency on Aging, Inc.	948,227
Central Virginia Area Agency on Aging, Inc.	1,114,316
Southern Area Agency on Aging, Inc.	2,045,485
Piedmont Senior Resources Area Agency on Aging, Inc.	1,183,131
Capital Area Agency on Aging, Inc.	2,454,638
Rappahannock Area Agency on Aging, Inc.	527,344
Chesapeake Bay Agency on Aging, Inc.	974,622
Senior Services of Southeastern Virginia, Inc.	3,423,988
Peninsula Agency on Aging, Inc.	1,464,565
Eastern Shore Area on Aging - Community Action Agency, Inc.	507,732

Local Governments:

Alexandria Office of Aging and Adult Services	710,609
Arlington Agency on Aging	997,995
Fairfax Area Agency on Aging	2,222,423
Loudoun County Area Agency on Aging	364,984
Prince William Area Agency on Aging	677,401

Joint Operating Agencies:

District Three Senior Services	1,341,762
New River Valley Agency on Aging	803,753
Jefferson Area Board for Aging	1,063,444
Lake Country Area Agency on Aging	918,553
Crater District Area Agency on Aging	951,264

Community Services Board:

Rappahannock-Rapidan Community Services Board	<u>751,542</u>
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Total	<u>\$ 30,455,743</u>
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The Department and Area Agencies deliver services to foster the independence, security, and dignity of older Virginians. The following table includes the types of services delivered, number of persons served, units of service provided, and total federal, state, local, and private dollars spent on these activities during the federal fiscal year. Each Area Agency's independent certified public accounting firm audits this information and submits it to the Department, which combines all information for reporting to the federal government.

<u>Type of Service</u>	<u>Units of Service</u>	<u>Persons Served</u>	<u>Total Expenditures</u>
Home Delivered Meals	2,540,682 meals served	14,189	\$ 8,207,338
Congregate Meals	1,151,481 meals served	27,741	7,107,871
Transportation	5,327,623 miles driven	11,746	4,174,433
Homemaker Services	219,529 service hours	2,295	1,763,168
Personal Care Services	213,337 service hours	5,850	1,759,981
Care Coordination	11,221 service hours	2,281	604,192
Volunteer Programs	604,764 service hours	21,305	386,206
Disease Prevention and Health Promotion	45,223 service hours	86,470	387,937
Information and Assistance	185,056 contacts	64,823	2,468,151
Public Information/Education	83,068 contacts	Unavailable	732,764
Long-term Care Ombudsman	Unavailable	Unavailable	636,477
Other Services	Unavailable	Unavailable	<u>2,227,225</u>
Total			<u>\$ 30,455,743</u>

Home Delivered Meals – delivery of nutritionally balanced meals to homes of homebound, older persons.

Congregate Meals – nutritionally balanced meals provided in a group setting for socialization and recreation and opportunities to alleviate isolation and loneliness.

Transportation – transporting older passengers when they have no other means of transportation.

Homemaker Services – routine housekeeping/home management tasks that older persons are unable to perform themselves.

Personal Care Services – provides long-term assistance to older persons with personal hygiene mobility, eating/feeding, etc., to enable them to remain at or return to home.

Care Coordination – coordination of services to meet assessed needs.

Volunteer Programs – development of opportunities for the community to work in aging programs and services; recruiting and supervising volunteers; and developing opportunities for older persons to volunteer in the community.

Disease Prevention and Health Promotion – activities and services designed to prevent disease and promote the health of older persons, such as health risk assessments, routine health screening, nutritional counseling and education, physical fitness and group exercise, and medication management.

Information and Assistance – identification of the most appropriate services to meet needs and to link older persons and their families and caregivers to agencies providing needed services.

Public Information/Education – informing older persons and the general public about the programs, services, and resources available to elderly persons and their caregivers.

Long-term Care Ombudsman – counseling and support to older persons in long-term care facilities or those receiving such services in the community, as well as their families and friends; and to assist in resolving issues/complaints with service providers.

Other Services – include adult day care services; elder abuse, neglect, and exploitation prevention; emergency assistance; household chore services; employment services; health education; health screening; home health services; identification of merchant discount programs; legal assistance; long-term care coordinating activities; residential repair and renovation; and socialization and recreation services.

The Department ensures that each Area Agency complies with the requirements of its federal contracts. The Department monitors all Area Agencies using monthly “desk reviews” and annual “field audits.”

Monthly Desk Reviews

Area Agencies are required to submit monthly and quarterly financial data, requests for funds, statistical data, analysis of spending patterns, and unit cost analysis to the Department using the Financial Management System (FMS). The Financial Management System generates financial reports for each Area Agency. The Department reviews these reports to address compliance-related issues (i.e., matching, cash balances). The FMS reports also provide the Department with the necessary information to determine the proper amounts of reimbursement to each Area Agency.

Field Audits made by the Department

The Contracts Management Unit and Fiscal Management perform an annual field audit at each Area Agency. The Department has a schedule to complete an annual field audit for each of the Area Agencies by September 30, 2000. A field audit covers the following three areas:

- Agency Administration
- Program Operations
- Fiscal Operations

The field audit of Agency Administration and Program Operations determines compliance with state and federal regulations and provides guidance to each Area Agency for adhering to all applicable state and federal laws, regulations, and policy interpretations. The audit of Fiscal Operations seeks to identify areas of control weakness or potentially questionable costs before each Area Agency’s annual audit, to follow up on the resolution of prior audit findings, and to standardize reporting information.

Within 30 days of the field visit, the monitoring team provides the Area Agency with a written report of the findings. In response, the Area Agency prepares and submits a corrective action plan that the monitoring team reviews. The team follows up on items identified as needing corrective action and may

perform additional on-site reviews to determine whether the Area Agency has effectively implemented corrective actions.

NAPIS Reporting

The Department must submit annually to the Federal Administration on Aging a report entitled, “National Aging Program Information System – State Program Report” (NAPIS-SPR). The Department also collects statewide client information on the Virginia’s Uniform Assessment Instrument (UAI). The Department meets NAPIS reporting requirements by summarizing all pertinent data regarding its clients, types of services, providers, expenditures, and other data from the UAI.

Initially, the Department contracted with the Virginia Department of Health to facilitate the development of a collection and reporting system to meet NAPIS requirements. During the implementation, the Department determined that this software would not meet its long-term needs. The Department obtained a replacement software product known as the Advanced Information System (AIM) developed by the Saber Corporation. The Department can change AIM to meet its long-term requirements. The Department has developed a working partnership with the Saber Corporation to modify and enhance the AIM software to meet its specific needs. The modification and enhancement process should continue for at least another year or more.

The 2000 Appropriations Act allocated \$130,000 for the Department to distribute the new software to each Area Agency. The Department allotted \$5,000 to every Area Agency to purchase one copy of the AIM software and a computer to run the new software, and to obtain onsite training. As of October 1, 1999, the Department has made a contractual requirement that all Area Agencies submit client information through the AIM software.

August 22, 2000

The Honorable James S. Gilmore, III
Governor of Virginia
State Capitol
Richmond, Virginia

The Honorable Vincent F. Callahan, Jr.
Chairman, Joint Legislative Audit
and Review Commission
General Assembly Building
Richmond, Virginia

INDEPENDENT AUDITOR'S REPORT

We have audited the financial records and operations of the Department for the Aging for the period January 1, 1998 through June 30, 1999. We conducted our audit in accordance with Government Auditing Standards, issued by the Comptroller General of the United States.

Audit Objectives, Scope, and Methodology

Our audit's primary objectives were to evaluate the accuracy of recording financial transactions on the Commonwealth Accounting and Reporting System, review the adequacy of the Department's internal control, and test compliance with applicable laws and regulations.

Our audit procedures included inquiries of appropriate personnel, inspection of documents and records, and observation of the Department's operations. We also tested transactions and performed such other auditing procedures, as we considered necessary to achieve our objectives. We reviewed the overall internal accounting controls, including controls for administering compliance with applicable laws and regulations. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances:

Revenues
Expenditures

Grants Management
Payroll

We obtained an understanding of the relevant internal control components sufficient to plan the audit. We considered materiality and control risk in determining the nature and extent of our audit procedures. We performed audit tests to determine whether the Department's policies and procedures were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations.

The Department's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit was more limited than would be necessary to provide assurance on internal control or to provide an opinion on overall compliance with laws and regulations. Because of inherent limitations in internal control, errors, irregularities, or noncompliance may nevertheless occur and not be detected. Also, projecting the evaluation of internal control to future periods is subject to the risk that the controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

Audit Conclusions

We found that the Department properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System, except for the information regarding the Funding and Services provided by the Area Agencies on Aging. This data came from the Department's Financial Management System, which records information based upon a federal fiscal year.

We noted no matters involving internal control and its operation that we considered to be material weaknesses. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to financial operations may occur and not be detected promptly by employees in the normal course of performing their duties.

The results of our tests of compliance with applicable laws and regulations disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

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DEPARTMENT FOR THE AGING
Richmond, Virginia

AGENCY OFFICIALS
As of June 30, 1999

Ann Y. McGee
Commissioner

William Peterson
Deputy Commissioner of Program Services

Tim Catherman
Deputy Commissioner of Support Services