

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
STATE DEPARTMENT ON AGING  
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2015*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN

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# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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Hartford, Connecticut 06106-1559

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December 14, 2016

### **AUDITORS' REPORT STATE DEPARTMENT ON AGING FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2015**

We have audited certain operations of the State Department on Aging (SDA) in fulfillment of our duties under Section 2-90 of the Connecticut General Statutes. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2014 and 2015. The objectives of our audit were to:

1. Evaluate the department's internal controls over significant management and financial functions;
2. Evaluate the department's compliance with policies and procedures internal to the department or promulgated by other state agencies, as well as certain legal provisions; and
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, minutes of meetings, and other pertinent documents; interviewing various personnel of the department; and testing selected transactions. We obtained an understanding of internal controls that we deemed significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contracts, grant agreements, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Résumé of Operations is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department. For the areas audited, we identified:

1. Deficiencies in internal controls;
2. Apparent noncompliance with legal provisions; and
3. Need for improvement in management practices and procedures that we deemed to be reportable.

The State Auditors' Findings and Recommendations in the accompanying report presents any findings arising from our audit of the State Department on Aging.

## **COMMENTS**

### **FOREWORD**

The State Department on Aging was established January 1, 2013 pursuant to Section 19 of Public Act 12-1 of the June 2012 Special Session of the General Assembly. The department is comprised of the State Unit on Aging and the Long-Term Care Ombudsman Program (LTCOP). The creation of the SDA was intended to focus new attention and resources on the needs of older adults to ensure that Connecticut seniors have access to the supportive services necessary to live with dignity, security and independence.

The Department on Aging operates primarily under the provision of Title 17a, Chapter 319d of the General Statutes. The department is organized into two units. The Administration Unit consists of the commissioner, executive assistant to the commissioner, an associate research analyst, and an associate accountant. The Aging Services Unit includes the administration manager, social service program manager, staff attorney, nutrition counselor, and eight field representatives who work out of the central office.

The mission of the State Department on Aging is to empower older adults to live full independent lives and to provide leadership on aging issues on behalf of older adults, families, caregivers, and advocates.

The department's responsibilities include the following:

- The SDA is designated as the State Unit on Aging to administer, manage, design, and advocate for benefits, programs, and services for the elderly and their families pursuant to the federal Older Americans Act.
- The SDA is tasked with studying the conditions and needs of elderly persons in Connecticut in relation to nutrition, transportation, home care, housing, income, employment, health, recreation and other matters.
- The SDA is responsible, in cooperation with federal, state, local, and area planning agencies on aging, for the overall planning, development, and administration of a comprehensive and integrated social service delivery system for elderly persons.

The Office of the Long-Term Care Ombudsman operates primarily under the provisions of Title 17a, Chapter 319h of the General Statutes. It is established as an independent office within the Department on Aging. The Commissioner on Aging shall appoint a State Ombudsman who shall select an individual with expertise and experience in the fields of long-term care and advocacy to head the office. The State Ombudsman shall appoint an assistant regional ombudsman. Pursuant to Sections 711 to 713, inclusive of the federal Older Americans Act of 1965, as amended, the mission of the Connecticut Long-Term Care Ombudsman Program is to protect the health, safety, welfare, and rights of long-term care residents by:

- Investigating complaints and concerns made by residents, or on behalf of residents, in a timely and prompt manner.
- Bringing residents to the forefront to voice their concerns directly to public officials on issues affecting their lives.
- Supporting residents in their quest to shape their own legislative agenda and to represent the residents' interests before governmental agencies.

The State Long-Term Care Ombudsman Program (SLTCOP) works to improve the quality of care of Connecticut citizens residing in nursing homes, residential care homes, and assisted living communities. SLTCOP is comprised of nine regional ombudsmen and volunteers. There is an ombudsman in the State Department on Aging central office in Hartford. The regional ombudsmen occupy space in field offices of sister agencies located in Bridgeport, Hartford, New Haven, Norwich, and Waterbury. For program purposes, the state is divided into three regions – Northern, Southern, and Western, which the regional ombudsmen serve.

Ombudsmen offer information and consultation to consumers and providers, monitor state and federal laws and regulations, and make recommendations for improvement. The program also recruits, trains, and supervises resident advocates who assist residents in resolving concerns. Resident advocates are appointed by the State Ombudsman, in consultation with the regional ombudsmen, for each region in sufficient number to serve the long-term care facilities within each region. Resident advocates are not permitted to perform any functions until successfully

completing training required by the State Ombudsman. The use of additional trained volunteers may also be used as necessary to assist the State Ombudsman.

### **Organizational Structure**

Edith Prague was appointed Commissioner on Aging on April 1, 2013, and retired effective August 1, 2014. Margaret Gerundo-Murkette served as Interim Acting Commissioner from May 16, 2014 through January 19, 2015. Elizabeth B. Ritter was appointed as Commissioner on Aging on January 20, 2015 and served through the remainder of the audited period. Ms. Gerundo-Murkette continued to serve as Social Service Program Administration Manager under Commissioner Ritter throughout the audited period.

Nancy B. Shaffer, M.A. served as the Connecticut State Long Term Care Ombudsman throughout the audited period.

To ensure that Connecticut seniors would have access to the supportive services necessary to live with dignity, security, and independence, the Department of Social Services (DSS) performed various administrative duties for SDA.

On October 3, 2013, SDA entered into a memorandum of agreement with the Department of Rehabilitation Services (DORS) for DORS to provide administrative functions in the areas of purchasing, budgeting, fiscal reporting, federal funds receipt, accounting, federal funds draw down, accounts receivable, accounts payable, and legislative support.

On January 9, 2015, SDA entered into a memorandum of understanding with the Department of Mental Health and Addiction Services (DMHAS) for contract administration.

On December 31, 2014, SDA entered into a memorandum of understanding with the Department of Rehabilitation Services to provide payroll and human resources support, beginning July 1, 2015, and to perform duties relating to SDA asset management and information technology (IT) support upon DSS transferring assets to SDA. DSS transferred assets to SDA on November 25, 2015. Subsequent to the audited period, DORS took over the human resources, payroll, and asset management administrative functions from DSS.

Per a memorandum of agreement with the Department of Social Services signed on February 11, 2016, DSS continued to provide SDA with information technology, phone and website support, and IT computer and network support to the Regional Long-Term Care Ombudsman staff in the DSS regional offices. The agreement stipulates that DSS is to provide such services until additional state resources are provided to SDA to perform those services.

Additionally, on April 5, 2016, SDA entered into a memorandum of understanding with the Department of Administrative Services (DAS) to manage its affirmative action and equal employment opportunity programs and services in accordance with C.G.S. Section 4a-5b.

## **Programs and Services**

The State Department on Aging, as the authorized and designated State Unit on Aging in Connecticut, prepares a state plan on aging every three to four years in accordance with the Older Americans Act (OAA) of 1965, as amended, and associated regulations, policies and procedures as outlined by the federal Administration for Community Living (ACL). The plan is intended to provide vision and a strategic direction for the department and for aging programs in the state. The current plan, approved by the Governor and ACL, covers the period from October 1, 2014 to September 30, 2017.

The Department on Aging is responsible for the administration of programs that provide nutritionally sound diets to needy elderly persons and for the expansion of such programs when possible, as provided by Section 17a-302 of the General Statutes. Each program shall provide recipients one meal per day, five days per week. All available municipal, state, or local agencies shall be utilized for the purchase of food, equipment, and determining the appropriate locations for such programs.

A fall prevention program has been established within available appropriations of the Department on Aging, as provided by Section 17a-303a of the General Statutes. Through this program, fall risk assessments, training, and outreach initiatives are aimed at decreasing the number of falls suffered by older adults. Funding is provided to Yale University's Connecticut Collaboration for Fall Prevention (CCFP). The CCFP initiative hopes to play a significant role in the reduction of disease, disability, and injury of older adults through its fall prevention research and outreach to clinicians and community organizations serving elders.

The state has an area agency on aging (AAA) within each of the five elderly planning and service areas to carry out the mandates of the federal OAA, as provided by Section 17a-304 of the General Statutes. The area agencies are required to develop and administer an area plan that has been approved by the Department on Aging. The AAA is responsible for coordinating and assisting local public and nonprofit private agencies in the development of programs, and for receiving and distributing federal and state funds in accordance with applicable laws and regulations. Federal funds received under Title IIIB (Grants for Supportive Services and Senior Centers – transportation, home care, housing, income, employment, health, recreation, and other matters) and IIIC (Nutrition Services) of OAA are to be allocated equitably to the five AAAs. The AAA administer programs, including the Statewide Respite Care Program, National Family Caregiver Support Program, Connecticut's programs for health insurance assistance, outreach, information and referral, counseling and eligibility screening (CHOICES) state health insurance assistance program that is federally recognized, the Elderly Nutrition Program, and disease prevention and health promotion services. Some of the area agencies on aging also administer the CT Home Care Program for Elders and Money Follows the Person for the state. Each AAA develops its own network of service providers within its area, as well as collaborations with senior centers and other community-based organizations that provide services to older adults.

The Commissioner on Aging shall develop and administer a Community Choices program to provide a single, coordinated system of information and access for individuals seeking long-term support, including in-home, community-based and institutional services, as provided by Section

17a-316a of the General Statutes. Support is provided for older adults, persons aged 18 and over living with disabilities, caregivers, and any person needing assistance with communicating their needs, planning for long term care needs, and navigating programs.

The State Ombudsman shall establish and operate ombudsman programs in Connecticut pursuant to Sections 711 to 713, inclusive, of the federal Older Americans Act of 1965, as amended, and as provided by Section 17a-408 of the General Statutes. The State Ombudsman or representatives of the office duties include:

- (1) identifying, investigating and resolving complaints;
- (2) providing services to protect the health, safety, welfare and rights of the residents;
- (3) informing the residents about means of obtaining services provided by providers or agencies;
- (4) ensuring that residents have access to the services of the office and that timely responses are received to complaints;
- (5) representing the interests of the residents, and of applicants in relation to issues concerning applications to long-term care facilities;
- (6) providing administrative and technical assistance to representatives and training in areas including, but not limited to, Alzheimer's disease and dementia symptoms and care;
- (7) analyzing, commenting on, and monitoring the development and implementation of laws and regulations with respect to the adequacy of long-term care facilities and services in Connecticut and the rights of applicants to long-term care facilities; recommending any changes in such laws and regulations, as appropriate;
- (8) advocating for changes with respect to the adequacy of long-term care facilities and services in Connecticut to the health, safety, welfare, and rights of applicants determined to be appropriate;
- (9) providing for training representatives of the office;
- (10) coordinating ombudsman services with the protection and advocacy systems for individuals with developmental disabilities and mental illnesses;
- (11) coordinating ombudsman services with legal assistance provided under Section 306(a)(2)(C) of the federal Older Americans Act of 1965, as amended, to the greatest extent possible;
- (12) creating, and periodically updating as needed, a training manual for nursing home facilities;
- (13) providing services described in this subsection to residents under age sixty living in a long-term care facility, if (A) a majority of residents of the facility where the younger person resides are over age sixty and (B) such services do not weaken or decrease service to older individuals;
- (14) implementing and administering a pilot program that serves home and community-based care recipients in Hartford County; and
- (15) carrying out such activities and duties as may be required under federal law.

## **Significant Legislative Changes**

Public Act 13-125, effective July 1, 2013, established a Department on Aging and transferred to it all functions, powers, duties, and personnel of the Department of Social Services Aging Services Division.

Public Act 14-55, effective May 28, 2014, added to Section 17b-339(a) of the General Statutes the Long-Term Care Ombudsman as a member of the Nursing Home Financial Advisory Committee. The committee was established to examine the financial solvency of nursing homes on an ongoing basis and to support the Departments of Social Services and Public Health in their mission to provide oversight to the nursing home industry on issues concerning the financial solvency of and quality of care provided by nursing homes.

Public Act 14-55, effective May 28, 2014, added to Section 17b-339(a) of the General Statutes the Long-Term Care Ombudsman as a member of the Nursing Home Financial Advisory Committee that was established to examine the financial solvency of nursing homes on an ongoing basis and to support the Departments of Social Services and Public Health in their mission to provide oversight to the nursing home industry on issues concerning the financial solvency of and quality of care provided by nursing homes.

Public Act 14-73 (Section 2), effective July 1, 2014, requires as codified in Section 17a-302a of the General Statutes, that the Department on Aging and the Department of Social Services shall hold quarterly meetings with nutrition service stakeholders to (1) develop recommendations to address complexities in the administrative processes of nutrition services, (2) establish quality control benchmarks, and (3) help move toward greater quality, efficiency, and transparency in the elderly nutrition program. Stakeholders include, but are not limited to, area agencies on aging, access agencies, the Commission on Aging, nutrition providers, representatives of food security programs and contractors, nutrition host site representatives, and consumers.

Public Act 15-19, effective July 1, 2015, renamed the Community Choices program as the Aging and Disability Resource Center (ADRC) program and requires the Department on Aging to administer it as part of its CHOICES program. The ADRC program provides seniors, caregivers, and people with disabilities a single, coordinated information and access program for long-term support and institutional services. It is the state's designated ADRC program pursuant to the federal Older Americans Act.

Additionally, Public Act 15-40, effective July 1, 2015, requires the aging and social services departments, together with certain nutrition service stakeholders, to study alternative sources of funding for nutrition services programs. Their findings and recommendations must be reported to the Aging Committee by July 1, 2016. The act specifies that the stakeholders referred to above in P.A. 14-73 include (1) at least one representative from area agencies on aging, access agencies, the Commission on Aging, and nutrition providers and (2) at least one representative from food security programs, contractors, nutrition host sites, and consumers.

**RÉSUMÉ OF OPERATIONS**

**Federal and Other Restricted Fund Receipts**

The department’s federal and other restricted receipts for the audited period are summarized below:

	<b>Fiscal Year Ended June 30,</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
Federal Aid, Restricted	\$17,022,941	\$23,127,004
Federal Grant Transfer - Restricted	500,000	0
Restricted Aid not Grant Transfer	<u>29,000</u>	<u>15,000</u>
<b>Total Federal and Other Restricted Receipts</b>	<b><u>\$17,551,941</u></b>	<b><u>\$23,156,004</u></b>

Federal and Other Restricted Accounts Fund receipts consisted primarily of federal grants from the Department of Health and Human Services (DHHS) Special Programs for the Aging, as follows:

	<b>Fiscal Year Ended June 30,</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>DHHS Special Programs for the Aging:</b>		
Title III, Part B – Grants for Supportive Services and Senior Centers	\$ 4,006,167	\$ 5,203,253
Title III, Part C – Nutrition Services	7,298,892	9,330,257
Nutrition Services Incentive Program	1,204,303	1,790,736
Title III, Part D – Preventive Health Care	227,471	279,227
Title III, Part E – National Family Caregiver Support	1,582,564	2,006,951
Title VII, Ombudsman and Elder Abuse Prevention Programs	<u>203,680</u>	<u>231,507</u>
<b>Total DHHS Special Programs for the Aging</b>	<b><u>\$14,523,077</u></b>	<b><u>\$18,841,931</u></b>

These amounts reflect an increase in funding received from DHHS for these programs by about 30 percent during the fiscal year ended June 30, 2015. Other federal funds received by the Department on Aging were mainly for Senior Community Service Employment, Aging and Disability Resource Centers, Health Information Counseling, Aging Essential Services, and Congregate Housing.

**General and Federal Fund Expenditures**

A summary of General Fund expenditures during the audited period follows:

	<b>Fiscal Year Ended June 30,</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
Personal Services	\$1,967,408	\$2,136,329
Contractual Services	73,399	121,278
Other	11,455	(98,277)
Purchased Commodities	14,662	9,990
State Aid Grants	6,370,065	6,240,432
Capital Outlays - Equipment	<u>0</u>	<u>30,705</u>
<b>Total General Fund Expenditures</b>	<b><u>\$8,436,989</u></b>	<b><u>\$8,440,457</u></b>

Full-time salaries increased by nine percent due primarily to the appointment of a new commissioner during fiscal year 2014-2015, and as a result of collective bargaining and managerial staff increases. Contractual services increased by 65.2 percent due to management consultant services procured in fiscal year 2014-2015 for the indirect cost plan, promotional materials, motor vehicle rental, and fuel expenses for the ombudsman office. State aid grants for senior citizens programs decreased by two percent from fiscal year 2013-2014 to fiscal year 2014-2015, from \$6.37 million to \$6.24 million, respectively.

### **Federal and Other Restricted Expenditures**

Expenditures from the Federal and Other Restricted Grants Fund accounted for over 73 percent of the department's total expenditures. The most significant federal grants were for the Department of Health and Human Services Aging Cluster, which totaled approximately \$12.5 million and \$16 million in fiscal years 2013-2014 and 2014-2015, respectively. The purpose of these grants is for supportive services, nutrition services, and delivery of nutritious meals to older individuals. Funding is passed through to the five area agencies on aging.

A summary of federal and other restricted expenditures for the audited period is presented below:

	<b>Fiscal Year Ended June 30,</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
<b>Federal and Other Restricted:</b>		
Grants and Grant Transfers	\$17,649,852	\$21,895,9021,
Personnel Services and Employee Benefits	276,141	310,019
Contractual Services	13,986	301,916
Purchased Commodities	2,530	8,784
Overhead	<u>28,640</u>	<u>35,712</u>
<b>Total Federal and Other Restricted Expenditures</b>	<b><u>\$17,971,149</u></b>	<b><u>\$22,552,333</u></b>

### **Insurance Fund**

The Department on Aging has established a fall prevention program through an agreement with Yale University that is funded by the Connecticut State Legislature. The goal is to decrease

the number of falls among older adults statewide and ultimately demonstrate reduced utilization and a reduction in Medicaid costs. Grants of \$395,250 and \$475,000 for medical program support services were provided to Yale University in fiscal years 2013-2014 and 2014-2015, respectively.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the State Department on Aging disclosed certain matters requiring attention.

### **Payroll and Personnel – Lack of Procedures for Compensatory Time Earned:**

*Background:*

The State Department on Aging (SDA) was established as a separate agency effective January 1, 2013. The Department of Social Services (DSS) administered programs under the jurisdiction of the Department on Aging until the Commissioner on Aging was appointed and administrative staff was hired. Staff was combined from the Department of Social Services Elderly Services Unit, including the State Long Term Care Ombudsman office, effective June 14, 2013. The Department of Social Services continued to provide SDA with payroll and human resources support throughout the audited period. Subsequent to the audited period, the Department of Rehabilitation Services (DORS) provided payroll support to SDA upon DSS transitioning SDA to self-service, per a memorandum of agreement entered into between SDA and DORS on December 31, 2014.

*Criteria:*

Collective bargaining agreements for Professional Health Care, and Administrative and Residual Employees, and Management Personnel Policy 06-02 – Compensatory Time for Exempt Employees, provide the regulations governing compensatory time.

Prudent business practices suggest that controls over compensatory time should ensure that recorded hours are valid, properly authorized, and completely and accurately recorded.

*Condition:*

For the fiscal year 2014-2015, we reviewed ten employee timesheets. Our examination disclosed that one employee recorded paid convention/conference time of 16 hours on her original timesheet for a weekend, whereby the time earned in Core-CT was changed to compensatory time earned. There was no documentation on file of prior approval for the compensatory time. The conference agenda listed networking/social events for two hours Saturday evening, along with an invitation-only orientation and meeting during the day. We subsequently generated a report that showed that two other employees, another health care worker, and a manager attended the same conference and also earned 16 hours of compensatory time over the weekend. There was no documentation to indicate that the attendees were invited to the orientation and meeting held during the day on Saturday.

Therefore, the earning of eight hours of compensatory time for Saturday seems excessive for these employees.

Furthermore, there was no evidence that those non-exempt employees in the Professional Health Care bargaining unit who received compensatory time elected to receive compensatory time instead of overtime pay.

*Effect:* Earned compensatory time totaling 48 hours was granted to three employees without prior authorization, resulting in less assurance that these employees performed extended service for state purposes outside the normal workweek.

*Cause:* During the audited period, adequate procedures were not in place to ensure that compensatory time was earned in accordance with regulations. We were informed by the department that the travel authorization to attend the conference was the documentation for prior approval of earned compensatory time. The department budget for fiscal year 2014-2015 did not include overtime pay.

*Recommendation:* The State Department on Aging should ensure compliance with compensatory time requirements contained in the bargaining unit contracts and management personnel policy, and that sufficient documentation is retained in support of compensatory time earned. (See Recommendation 1.)

*Agency Response:* “The agency agrees with this recommendation. In order to ensure compliance with compensatory time requirements with the respective bargaining unit contracts, management personnel of the department will follow all compensatory time off procedures as determined by the contract. As such, any compensatory time, if allowed per the contract, will be by mutual agreement and will be authorized in writing prior to the election of compensatory time and the compensatory time off will be scheduled for a mutually agreed time by the end of the following period. The employee may elect compensatory time instead of overtime pay, if allowed per contract. Additionally, agency Human Resources will be utilized as a resource regarding policy and procedure for compensatory time.”

#### **Asset Management – Items Purchased not Included on Inventory:**

*Criteria:* Section 4-36 of the General Statutes requires each state agency to establish and keep an inventory account in the form prescribed by the State Comptroller, and to transmit to the Comptroller, a detailed annual inventory of all real property and capitalized

personal property owned by the state and in the custody of the agency.

The State Property Control Manual specifies requirements and standards that state agency property control systems must include to ensure that all assets currently owned by or in the custody of the state are properly acquired, managed and disposed of. The State Property Control Manual also provides specific requirements pertaining to the subsidiary records to support the categories included on the Asset Management/Inventory Report/GAAP Reporting Form (CO-59).

*Condition:* Our review indicated that a detailed annual inventory of capitalized personal property that was in custody of the State Department on Aging was not maintained or transmitted to the Office of the State Comptroller during the audited period.

*Effect:* The department was not in compliance with the State Property Control Manual, resulting in an undervaluation of assets at year end.

*Cause:* The department's asset management function was not supported during the audited period. On October 3, 2013, the State Department on Aging entered into a memorandum of agreement with the Department of Rehabilitation Services to administer asset management after the completion of the 2013 Department of Social Services inventory report filing. SDA entered into another memorandum of agreement with DORS on December 31, 2014, that upon DSS transferring assets to SDA, DORS would provide asset management support. Assets purchased by SDA subsequent to June 30, 2013 were not inventoried. Assets purchased by SDA during FY 2014-2015, including four tablets, were not tagged, as DORS had not yet assumed asset management support. On November 25, 2015, DSS transferred assets in Core-CT to SDA that still had DSS tag numbers. DORS took over asset management support for SDA during fiscal year 2015-2016. At that time, DORS performed a complete inventory, put new tag numbers on all SDA assets, and added items to Core-CT that had not been previously included.

*Recommendation:* The State Department on Aging should ensure compliance with the requirements of the State Property Control Manual. (See Recommendation 2.)

*Agency Response:* "The agency agrees with this recommendation. The department's asset management function was supported by the Department of

Social Services (DSS) and the Department of Rehabilitation Services (DORS) during the audited period. The agency was in compliance with the State Property Control Manual and a detailed annual inventory of capitalized personal property in custody of the State Department on Aging (SDA) was maintained and transmitted to the Office of the State Comptroller (OSC) during the audited period of fiscal year 2013/2014 and 2014/2015 by the Department of Social Services. Four Surface-Pro tablets were acquired by SDA on June 24, 2015 and were recorded in CORE as assets and assigned an asset ID on their acquisition date under the SDA business unit. DSS did not have access to the SDA business unit and DORS did not inform DSS of this purchase, so these items were not included on the FY 15 inventory report submitted by DSS to OSC. Effective November, 2015, the Department of Rehabilitation Services provides full asset management support to SDA and has conducted a complete inventory of all SDA assets and assigned SDA asset tag identification to each asset. SDA is in full compliance with requirements of the State Property Control Manual.”

**Property Control – Software Inventory not Maintained:**

- Criteria:* The State Property Control Manual states that “a software inventory must be established by all agencies to track and control all of their software media, licenses or end user license agreements, certificates of authenticity, documentation and related items.” The manual further states that “each agency will produce a software inventory report on an annual basis...A physical inventory of the software library, or libraries, will be undertaken by all agencies at the end of each fiscal year and compared to the annual software inventory report. This report will be retained by the agency for audit purposes.”
- Condition:* Our examination disclosed that the department did not conduct a complete physical inventory of its software.
- Effect:* The department was not in compliance with the software inventory requirements contained in the State Property Control Manual. As a result, the department did not produce an annual software inventory report to track and control its software.
- Cause:* Internal control over software accountability and reporting was inadequate.
- Recommendation:* The State Department on Aging should improve internal controls over software inventory and comply with the requirements

contained in the State Property Control Manual. (See Recommendation 3.)

*Agency Response:*

“The agency agrees with this recommendation. Due to the creation of a new business unit for SDA, DSS was not able to track and report on software acquired by SDA during the audit period of fiscal year 2013/2014 and 2014/2015. Effective November, 2015, the Department of Rehabilitation Services provides full asset management support to SDA and has conducted a complete physical inventory of SDA software. SDA is in full compliance with the software inventory requirements of the State Property Control Manual.”

**Reporting – State Ombudsman Annual Report not Produced:**

*Criteria:*

Section 17a-417 of the General Statutes requires the Commissioner on Aging to prepare an annual State Ombudsman report to be made available to the public and be submitted to the federal assistant secretary for aging, the Governor, the General Assembly, the Department of Public Health, and other appropriate governmental entities. The purpose of the report is to describe the activities carried out by the State Ombudsman.

*Condition:*

The annual report required to be prepared per Section 17a-417 of the General Statutes was not produced during the audited period.

*Effect:*

The department is not in compliance with Section 17a-417 of the General Statutes for preparing the State Ombudsman annual report intended to be made available to the public and submitted to the federal assistant secretary for aging, the Governor, the General Assembly, the Department of Public Health, and other appropriate governmental entities. The entities who were supposed to receive these reports may not have had important information available to them as they deliberated the creation of public policy related to Connecticut’s aging population.

*Cause:*

The last State Ombudsman report was produced in 2007 under contract for the federal fiscal year 2006, as the State Ombudsman does not have staff resources to produce the report. There was no written policy directing production of the report when the Office of the State Ombudsman was part of the Department of Social Services or when it became part of the newly established Department on Aging. The agency budgets for state fiscal year 2014/2015 did not include funding to produce the report with either state or federal funds.

*Recommendation:* The State Department on Aging should comply with Section 17a-417 of the General Statutes and prepare an annual State Ombudsman report to be made available to the public and to be submitted to the federal assistant secretary for aging, the Governor, the General Assembly, the Department of Public Health, and other appropriate governmental entities. (See Recommendation 4.)

*Agency Response:* “The agency agrees with this recommendation. A written policy directing production of the Annual State Ombudsman report in compliance with CGS Section 17a-417 has been incorporated in the State Ombudsman Policy and Procedure Manual. Work is underway to produce and make available the report for federal fiscal year 2015 in accordance with the schedule so determined using currently available resources. The Office of the State Ombudsman is proceeding with further discussion with the AAG about the appropriate use of federal Older American Act funds to help produce the report. These actions bring SDA in full compliance with the provisions of CGS 17a-417.”

**Subrecipient Monitoring – Lack of Established Procedures for Monitoring that Contractors Conducted Background Checks:**

*Criteria:* The Purchase of Service Contract (Part II, Section B.4) being used between the state, the area agencies on aging, and other non-state agencies, contains a section under client-related safeguards regarding background checks. Employers can obtain a form on the Department of Emergency Services and Public Protection website to request a Connecticut background check of potential employees.

Adequate internal control includes monitoring subrecipients to ensure that activities are in accordance with contracts.

*Condition:* Our review disclosed that the department did not have established internal controls to help ensure that contractors or contractor parties conducted criminal background checks as required of all employees and volunteers providing in-home services.

*Effect:* Without adequate monitoring procedures of SDA grantees for background checks of their employees and volunteers, the safety of elderly clients receiving in-home services may be compromised.

*Cause:* SDA relies on the Department of Social Services to perform the quality assurance function of monitoring its subrecipients. However, independent audit reports of grantees do not provide a sufficient monitoring tool for background checks.

*Recommendation:* The State Department on Aging should establish procedures for inspecting background check documentation of employees and volunteers of its contractors and subcontractors providing in-home services to help ensure that the elderly are protected. (See Recommendation 5.)

*Agency Response:* “The agency agrees with this recommendation. SDA will examine the criminal background check requirements for SDA in state statutes and regulations. Once reviewed, SDA will develop appropriate internal policies and procedures based on these requirements, communicate the process to contractors, add language to the relevant contracts through a contract amendment, and monitor the contractors.”

## RECOMMENDATIONS

### *Current Audit Recommendations:*

- 1. The State Department on Aging should ensure compliance with compensatory time requirements contained in the bargaining unit contracts and management personnel policy, and that sufficient documentation is retained in support of compensatory time earned.**

Comment:

We found that compensatory leave time was not authorized in advance and improperly granted at times.

- 2. The State Department on Aging should ensure compliance with the requirements of the State Property Control Manual.**

Comment:

An annual physical inventory was not conducted, and a detailed inventory listing of the capitalized personal property of the department was not reported to the Office of the State Comptroller.

- 3. The State Department on Aging should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual.**

Comment:

The department did not have an annual physical inventory of its software library conducted and a listing of its software inventory was not maintained.

- 4. The State Department on Aging should comply with Section 17a-417 of the General Statutes and prepare an annual State Ombudsman report to be made available to the public and to be submitted to the federal assistant secretary for aging, the Governor, the General Assembly, the Department of Public Health, and other appropriate governmental entities.**

Comment:

The department did not produce the annual State Ombudsman report required by Section 17a-417 of the General Statutes.

- 5. The State Department on Aging should establish procedures for inspecting background check documentation of employees and volunteers of its contractors and subcontractors providing in-home services to help ensure that the elderly are protected.**

Comment:

The State Department on Aging did not have established internal control procedures in place to monitor that contractors or their contract providers conducted criminal background checks for their employees and volunteers to help ensure the protection of the elderly.

**CONCLUSION**

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the State Department on Aging during the course of our examination.

*Ann Marie Brown*

Ann Marie Brown  
Principal Auditor

Approved:



John C. Geragosian  
Auditor of Public Accounts