

# STATE OF CONNECTICUT



*AUDITORS' REPORT  
STATE DEPARTMENT ON AGING  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2017*

**AUDITORS OF PUBLIC ACCOUNTS**  
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

## Table of Contents

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INTRODUCTION .....	1
COMMENTS .....	2
FOREWORD .....	2
Agency Dissolution.....	3
Organizational Structure .....	3
Programs and Services .....	4
RÉSUMÉ OF OPERATIONS .....	5
General Fund.....	5
Federal and Other Restricted Accounts Fund .....	6
Insurance Fund.....	7
STATE AUDITORS' FINDINGS AND RECOMMENDATIONS.....	8
Improper Approval and Lapsing of Compensatory Time.....	8
Inadequate Medical Leave Records .....	9
Untimely Purchase Orders .....	10
Untimely Contract Execution .....	10
Lack of Subrecipient Monitoring Procedures for Background Checks .....	11
RECOMMENDATIONS .....	13
Status of Prior Audit Recommendations.....	13
Current Audit Recommendations .....	13
ACKNOWLEDGEMENT .....	15
CONCLUSION.....	16

# STATE OF CONNECTICUT



## AUDITORS OF PUBLIC ACCOUNTS

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March 27, 2019

### **AUDITORS' REPORT DEPARTMENT ON AGING FOR THE FISCAL YEARS ENDED JUNE 30, 2016 and 2017**

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, 2016 and 2017 and the period of July 1, 2017 through October 31, 2017. 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 effectiveness, 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, as well as certain external parties; 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 various available sources including, but not limited to, the department's management and the state's information systems, 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. No 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 Special Session of the General Assembly. The creation of the department 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 is comprised of the State Unit on Aging and the Office of the Long-Term Care Ombudsman.

The State Department on Aging primarily operates under the provisions of Title 17a, Chapter 319d of the General Statutes. The mission of the department 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. SDA's responsibilities include:

- Administering, managing, designing, and advocating for benefits, programs, and services for the elderly and their families pursuant to the Older Americans Act;
- 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; and

- Planning, developing, and administering 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 State Department on Aging. Pursuant to Sections 711 to 713, inclusive of the Older Americans Act of 1965, the mission of the Long-Term Care Ombudsman 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; and
- Supporting residents in their quest to shape their own legislative agenda and to represent the residents' interests before governmental agencies.

### **Agency Dissolution**

Effective October 31, 2017, Public Act 17-2 of the June Special Session of the General Assembly transferred the State Department on Aging to the Department of Social Services (DSS) and the Office of the Long-Term Care Ombudsman to the Office of Policy and Management (OPM). A memorandum of agreement (MOA) between DSS, OPM, and the Department of Rehabilitation Services (DORS), allowed the State Department on Aging and the Office of the Long-Term Care Ombudsman to remain together under a single administrative umbrella within DORS, effective October 31, 2017. Public Act 18-169 officially transferred the State Department on Aging and the Office of the Long-Term Care Ombudsman to DORS, effective June 14, 2018. Due to the legislative changes, the audited period was extended through October 31, 2017. This is the last audit of the State Department on Aging as a standalone agency.

### **Organizational Structure**

Pursuant to Section 17a-301a of the General Statutes, the State Department on Aging is under the direction and supervision of the Commissioner on Aging who is appointed by the Governor and is knowledgeable and experienced with respect to the conditions and needs of elderly persons. Elizabeth B. Ritter was appointed as Commissioner on Aging on January 20, 2015 and served in that position until the department was dissolved on October 31, 2017.

During the audited period, the State Department on Aging was organized into 2 units. The Administration Unit consisted of the commissioner, executive assistant to the commissioner, associate research analyst, and associate accountant. The Aging Services Unit included the social services program administration manager, social services program manager, staff attorney, nutrition counselor, and 9 field representatives who worked out of the central office.

In accordance with Section 17a-405 of the General Statutes, the Commissioner on Aging shall appoint an individual with expertise and experience in the fields of long-term care and advocacy as the State Ombudsman. The State Ombudsman heads the Office of the Long-Term Care Ombudsman and appoints assistant regional ombudsmen. Nancy B. Shaffer, M.A. served as the State Ombudsman throughout the audited period. The State Ombudsman, their administrative assistant, a regional ombudsman, and a secretary worked out of the central office. For program purposes, the state is divided into 3 regions – Northern, Southern, and Western – for which the regional ombudsmen serve. The 8 regional ombudsmen occupied space in field offices of sister agencies located in Bridgeport, Hartford, Manchester, New Haven, Norwich, Waterbury, and Windsor. Additionally, 2 secretaries worked out of the field offices to assist the regional ombudsmen.

Through memorandums of agreement entered into on October 3, 2013 and December 31, 2014, the Department of Rehabilitation Services was responsible for the administrative functions of the State Department on Aging during the audited period. On January 9, 2015, SDA entered into a memorandum of understanding with the Department of Mental Health and Addiction Services for contract administration.

### **Programs and Services**

In collaboration with the area agencies on aging (AAA) within each of the 5 elderly planning and service areas, SDA provides expert assistance and technical support on issues affecting older adults, their families, and caregivers through the following programs and services:

- **Supportive Service Programs:** These programs provide services aimed at empowering older residents by sustaining independence in their homes and communities. Such services include, but are not limited to: access services, home care, legal assistance, case management, adult day care, and activities at senior centers.
- **Nutrition Services Incentive Program:** This program supplies meals and socialization opportunities to older people in congregate settings and in their homes.
- **Disease Prevention and Health Promotion Programs:** These programs promote healthy lifestyles among older adults and prevent or delay chronic conditions.
- **Family Caregiver Support Program:** This program connects family caregivers with a variety of supportive services.
- **Activities for Health, Independence, and Longevity Program:** This program provides authority for training and research projects to expand services, and supports the following: income, health, housing, long-term care, aging and disability resource centers, and evidence-based disease prevention and health promotion.
- **Community Service Seniors Opportunities Act:** This act funds job skills training and job development services to seniors age 55 years and older by recruiting and enrolling

workers who are placed in community service jobs for minimum wage while receiving on the job training.

- **Grants for Services for Native Americans:** This grant funds nutrition programs and other supportive services for older Native Americans, Alaskans, and Hawaiians.
- **Vulnerable Elder Rights Protection Activities:** These activities include investigating and resolving complaints of residents in nursing facilities, board and care facilities, residential care homes, and assisted living facilities. Public outreach and awareness campaigns are used to identify and prevent elder abuse, neglect, and exploitation.

## RÉSUMÉ OF OPERATIONS

### General Fund

#### *Receipts:*

The department’s General Fund receipts for the fiscal years ended June 30, 2016 and 2017 totaled \$38,776 and consisted of grantees returning unspent funds to the department in accordance with contract terms and conditions.

#### *Expenditures:*

The department’s General Fund expenditures for the fiscal years ended June 30, 2015, 2016 and 2017 are summarized below.

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
State Aid Grants	\$6,240,432	\$6,034,599	\$5,704,773
Personal Services & Employee			
Benefits	2,136,931	2,261,719	2,186,028
Contractual Services	121,278	108,775	72,224
Purchased Commodities	9,990	3,548	5,713
Capital Outlays – Equipment	30,705	-	-
Other Expenditures	7,664	-	-
<b>Total Expenditures</b>	<b>\$8,546,980</b>	<b>\$8,408,641</b>	<b>\$7,968,738</b>

The overall decrease in state aid grants was due to the reduction in state funds allotted to the department for senior citizen programs. When SDA became a standalone agency on January 1, 2013, the department needed new marketing materials and needed to establish an indirect cost rate. The diminished need for such goods and services resulted in a decrease in contractual services expenditures during the audited period. The decrease in expenditures for capital outlays was due to the purchase of new computers in the 2014-2015 fiscal year.

**Federal and Other Restricted Accounts Fund**

***Receipts:***

The department's Federal and Other Restricted Accounts Fund receipts for the audited period, as compared to the period ended June 30, 2015, are summarized below.

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Federal Aid, Restricted	\$23,127,004	\$18,998,075	\$15,996,734
Non-Federal Aid, Restricted	-	-	20,000
Restricted Aid not Grant Transfer	15,000	2,000	750
<b>Total Receipts</b>	<b>\$23,142,004</b>	<b>\$19,000,075</b>	<b>\$16,017,484</b>

Federal and Other Restricted Accounts Fund receipts consisted primarily of federal grants from the U.S. Department of Health and Human Services for special programs for the aging, and from the U.S. Department of Labor for senior community service employment programs. The overall decrease in receipts during the audited period was the result of reductions in federal grants, fluctuations in grant drawdowns, and an adjustment made to properly categorize the receipt of private funds.

***Expenditures:***

The department's Federal and Other Restricted Accounts Fund expenditures for the audited period, as compared to the period ended June 30, 2015, are summarized below.

	<b>2014-2015</b>	<b>2015-2016</b>	<b>2016-2017</b>
Grants and Grant Transfers	\$21,895,902	\$18,390,360	\$17,161,995
Personal Services & Employee Benefits	310,020	353,552	428,016
Contractual Services	301,917	173,136	241,277
Purchased Commodities	8,783	7,187	4,105
Overhead	35,712	58,624	53,021
<b>Total Expenditures</b>	<b>\$22,552,334</b>	<b>\$18,982,859</b>	<b>\$17,888,414</b>

Grants and grant transfers decreased during the audited period due to fluctuations in grant payments made to grantees and state agencies associated with startup funds, actual expenditures incurred by grantees, the implementation of new contracts, and the expiration of existing contracts. The increase in expenditures for personal services and employee benefits during the audited period was the result of contractual salary increases, the addition of a new employee, and a funding change for an existing employee assigned different duties and responsibilities. During the 2014-2015 fiscal year, the department had increased contractual services expenditures resulting from marketing costs associated with the outreach project for the Elder Justice Act. Contractual services expenditures increased in the 2016-2017 fiscal year as a result of payments to the UConn Health Center to conduct evaluations of elderly nutrition services and national family caregiver support programs.

**Insurance Fund**

Insurance Fund expenditures totaled \$475,000 and \$376,023 for the 2015-2016 and 2016-2017 fiscal years, respectively. The \$98,977 decrease in expenditures from the 2015-2016 fiscal year to the 2016-2017 fiscal year can be attributed to the decrease in funds allotted to the department for the Fall Prevention Program.

## STATE AUDITORS' FINDINGS AND RECOMMENDATIONS

Our review of the records of the Department on Aging disclosed certain matters requiring attention. The recommendations are being directed to the Department of Rehabilitation Services as the successor agency.

### **Improper Approval and Lapsing of Compensatory Time**

*Criteria:* State Department on Aging policy requires that requests to earn compensatory time be submitted using the compensatory time request form which is to be approved prior to time being earned. For applicable employees in the professional health care bargaining unit, the form constitutes a written agreement in which the employee elects to earn compensatory time instead of overtime pay.

Compensatory time earned should be scheduled, used, and lapsed in accordance with state policies and collective bargaining agreements.

*Condition:* During the audited period, 11 employees earned a total of 109 hours of compensatory time. Our review of 40.25 hours of compensatory time earned by 10 employees during the audited period identified the following conditions:

- SDA did not properly approve compensatory time for 7 employees that earned 32.75 hours. Three employees' compensatory time request forms were not on file. Supervisors approved 2 employees' compensatory time late, and did not date supervisory approval for 2 employees.
- Compensatory time lapsed 56, 97, and 153 days late for 3 employees that earned 6 hours of compensatory time, respectively.

*Effect:* There is an increased risk for compensatory time to be improperly earned and used.

*Cause:* The improper approval and lapsing of compensatory time appears to be the result of an oversight by management.

*Recommendation:* The Department of Rehabilitation Services should strengthen internal controls over State Department on Aging compensatory time to ensure that it is properly earned, used, and lapsed. (See Recommendation 1.)

*Agency Response:* “The agency agrees with this recommendation. The audit for the State Department on Aging was during a time period when they were a stand-alone agency. The Department of Rehabilitation Services now has statutory authority for the programs formerly under the SDA. DORS policies and procedures related to compensatory time will now apply to the former SDA and DORS will ensure compliance.”

### **Inadequate Medical Leave Records**

*Criteria:* The statewide Family and Medical Leave Policy sets forth procedures for requesting a leave under the Family and Medical Leave Act (FMLA). The policy outlines the required forms and deadlines for submission to document and support the leave request, eligibility, approval, and employee’s return to work.

*Condition:* During the audited period, 7 employees were out on medical leave. We reviewed the 7 medical leaves and identified that 6 did not properly submit required FMLA documentation; 12 forms were not on file and 4 forms were completed between 1 and 41 days late. Additionally, 3 employees did not complete a fitness for duty certification prior to returning to work.

*Effect:* Inadequate documentation increases the risk for unauthorized leave, which may result in unnecessary costs to the state.

*Cause:* The lack of documentation appears to be the result of an oversight by management and an inadequate understanding of FMLA requirements.

*Recommendation:* The Department of Rehabilitation Services should strengthen controls to ensure that medical leave is administered in accordance with Family and Medical Leave Act guidelines. (See Recommendation 2.)

*Agency Response:* “The agency agrees with this recommendation. The audit for the State Department on Aging was during a time period when they were a stand-alone agency. The Department of Rehabilitation Services now has statutory authority for the programs formerly under the SDA. DORS policies and procedures related to family medical leave will now apply to the former SDA and DORS will ensure compliance.”

### **Untimely Purchase Orders**

- Criteria:* In accordance with Section 4-98 of the General Statutes, except for emergency purchases, no state agency shall incur any obligation except by the issuance of a purchase order or any other encumbrance documentation approved by the State Comptroller.
- Condition:* Our review of 20 expenditure transactions, totaling \$515,588, identified 5 transactions, totaling \$127,714, that were not supported by valid purchase orders. The purchase orders were issued 7, 7, 24, 272, and 316 days after the obligations were incurred, respectively.
- Effect:* When purchase orders are not properly issued, there is decreased assurance that funds will be available for payment.
- Cause:* The lack of timely purchase orders appears to be an oversight by management.
- Recommendation:* The Department of Rehabilitation Services should strengthen internal controls to ensure that it issues State Department on Aging purchase orders in accordance with Section 4-98 of the General Statutes. (See Recommendation 3.)
- Agency Response:* “The agency agrees with this recommendation. The audit for the State Department on Aging was during a time period when they were a stand-alone agency. The Department of Rehabilitation Services now has statutory authority for the programs formerly under the SDA. DORS policies and procedures related to purchasing will now apply to the former SDA and DORS will ensure compliance.”

### **Untimely Contract Execution**

- Criteria:* In accordance with Procurement Standards for Personal Services Agreements and Purchase of Service Contracts issued by the Office of Policy and Management, contractors must not begin work until the contract is fully executed.
- Condition:* We reviewed 10 payments, totaling \$427,590, made under purchase of service contracts during the audited period and identified 4 payments, totaling \$139,185, for services rendered between 93 and 316 days before the contracts were fully executed.

- Effect:* When contracts are executed after the start of services, there is an increased risk of financial losses to the state and SDA not meeting contract objectives.
- Cause:* The untimely execution of contracts appears to be the result of an oversight by management and a lack of communication between the Department on Aging and the Department of Mental Health and Addiction Services, the agency performing its contracting functions.
- Recommendation:* The Department of Rehabilitation Services should strengthen internal controls to ensure State Department on Aging contracts are fully executed prior to the start of services. (See Recommendation 4.)
- Agency Response:* “The agency agrees with this recommendation. The audit for the State Department on Aging was during a time period when they were a stand-alone agency. The Department of Rehabilitation Services now has statutory authority for the programs formerly under the SDA. The Central Contracting Unit (CCU) under the Department of Mental Health and Addiction Services provides support and guidance to DORS related to contracts. DORS policies and procedures related to contracts will now apply to the former SDA and DORS will work with the CCU to ensure compliance.”

### **Lack of Subrecipient Monitoring Procedures for Background Checks**

- Criteria:* Section 19a-491c of the General Statutes requires long-term care facilities to process background checks for prospective employees, contractors, and certain volunteers with direct access to patients or residents.
- In accordance with Section 20-678 of the General Statutes, each homemaker-companion agency, prior to extending an offer of employment or entering into a contract with a prospective employee, shall require such prospective employee to submit to a comprehensive background check.
- The purchase of service contracts used between the state, the area agencies on aging, and other non-state agencies require contractors to comply with and ensure compliance with the aforementioned background check provisions.
- Condition:* Our review disclosed that SDA did not establish monitoring procedures to ensure that contractors are conducting background

checks in accordance with Sections 19a-491c and 20-678 of the General Statutes.

*Effect:* The safety of elderly clients receiving in-home services may be compromised without adequate monitoring procedures for background checks.

*Cause:* The failure to implement adequate monitoring procedures appears to be the result of an oversight by management.

*Recommendation:* The Department of Rehabilitation Services should establish monitoring procedures to ensure it conducts State Department on Aging background checks in accordance with Sections 19a-491c and 20-678 of the General Statutes. (See Recommendation 5.)

*Agency Response:* “The agency agrees with this recommendation. The audit for the State Department on Aging was during a time period when they were a stand-alone agency. The Department of Rehabilitation Services now has statutory authority for the programs formerly under the SDA. The Central Contracting Unit (CCU) under the Department of Mental Health and Addiction Services provides support and guidance to DORS related to contracts. DORS policies and procedures related to contracts will now apply to the former SDA and DORS will work with the CCU to ensure compliance.”

## RECOMMENDATIONS

Our prior report on the Department on Aging contained 5 recommendations, of which 3 were resolved and 2 have been modified and repeated.

### Status of Prior Audit Recommendations

- **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.** We continued to note exceptions regarding compensatory time; the recommendation will be modified and repeated. (See Recommendation 1.)
- **The State Department on Aging should ensure compliance with the requirements of the State Property Control Manual.** Corrective action was taken to ensure that physical inventories were conducted and capitalized personal property was reported to the Office of the State Comptroller during the audited period. Therefore, the recommendation will not be repeated.
- **The State Department on Aging should improve internal controls over software inventory and comply with the requirements contained in the State Property Control Manual.** Corrective action was taken to ensure a software inventory is maintained and physical inventories are performed. Therefore, the recommendation will not be repeated.
- **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.** Corrective action was taken to ensure that the annual State Ombudsman report was produced during the audited period. Therefore, the recommendation will not be repeated.
- **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.** Corrective action has not yet been implemented by the department. Therefore, the recommendation will be modified and repeated. (See Recommendation 5.)

### Current Audit Recommendations

1. **The Department of Rehabilitation Services should strengthen internal controls over State Department on Aging compensatory time to ensure that it is properly earned, used, and lapsed.**

Comment:

We reviewed compensatory time earned by 10 employees and identified that proper approval was not obtained for 7, and compensatory time was not properly lapsed for another 3.

- 2. The Department of Rehabilitation Services should strengthen controls to ensure that medical leave is administered in accordance with Family and Medical Leave Act guidelines.**

Comment:

During the audited period, we reviewed 7 medical leaves and identified missing and untimely FMLA documentation for 6. Additionally, 3 employees did not complete a fitness for duty certification prior to returning to work.

- 3. The Department of Rehabilitation Services should strengthen internal controls to ensure that it issues State Department on Aging purchase orders in accordance with Section 4-98 of the General Statutes.**

Comment:

We reviewed 20 expenditure transactions and identified that purchase orders were issued between 7 and 316 days after SDA incurred the obligations for 5 transactions.

- 4. The Department of Rehabilitation Services should strengthen internal controls to ensure State Department on Aging contracts are fully executed prior to the start of services.**

Comment:

We reviewed 10 payments made under purchase of service contracts and identified 4 payments for services rendered between 93 and 316 days before the contracts were fully executed.

- 5. The Department of Rehabilitation Services should establish monitoring procedures to ensure it conducts State Department on Aging background checks in accordance with Sections 19a-491c and 20-678 of the General Statutes.**

Comment:

Our review disclosed that SDA did not establish monitoring procedures to ensure that contractors are conducting background checks in accordance with Sections 19a-491c and 20-678 of the General Statutes.

**ACKNOWLEDGEMENT**

The Auditors of Public Accounts would like to recognize the auditors who contributed to this report:

Audrey Kelliher  
Brandon Martin

**CONCLUSION**

We wish to express our appreciation for the cooperation and courtesies extended to our representatives by the officials and staff of the State Department on Aging and the Department of Rehabilitation Services during the examination.



Audrey Kelliher  
Associate Auditor

Approved:



John C. Geragosian  
State Auditor



Robert J. Kane  
State Auditor