



# AUDITOR GENERAL

WILLIAM O. MONROE, CPA



## DEPARTMENT OF ELDER AFFAIRS

### Operational Audit

#### SUMMARY

The Department of Elder Affairs is primarily responsible for administering human services programs for the elderly. Our audit for the period July 2003 through February 2005 focused primarily on wait list management, contract monitoring, and various administrative functions. Our audit disclosed the following:

**Finding No. 1:** Medicaid waiver programs had significant surpluses at fiscal year-end even as a large number of clients waited to be served.

**Finding No. 2:** Improvements are needed in wait list management of the Department's home and community-based services programs.

**Finding No. 3:** Department controls related to monitoring cellular telephone usage were not always effective.

#### BACKGROUND

Chapter 430, Florida Statutes, designates the Department to serve as the State's primary agency responsible for administering human service programs for elders and for developing policy recommendations for long-term care. The Department provides support and oversight for a variety of home and community-based programs and services, including:

- Medicaid Aged and Disabled Adult Waiver (ADA)
- Medicaid Assisted Living for the Elderly Waiver (ALE)
- Medicaid Adult Day Health Care Waiver
- Older Americans Act (OAA) Program
- Emergency Home Energy Assistance for the Elderly Program (EHEAP)
- Community Care for the Elderly (CCE)
- Alzheimer's Disease Initiative (ADI)
- Home Care for the Elderly (HCE)

The Department uses a network of 11 Area Agencies on Aging (AAA) to provide many programs. As shown in Exhibit A, each AAA is located in a geographical Planning and Service Area (PSA).

#### FINDINGS AND RECOMMENDATIONS

##### Finding No. 1: Medicaid Waiver Surpluses

Medicaid waiver programs, operated in partnership with the Agency for Health Care Administration (AHCA), authorize the State to provide care in a home or in a community setting. For instance, ADA assists Medicaid eligible frail elders and persons with disabilities to maintain independence while living at home. ALE makes support and services available in specified assisted living facilities to eligible clients age 60 or older.

Clients waiting to receive services funded by ADA and ALE are placed on the Department's Assessed Priority Consumer List (APCL). To be placed on the APCL, the Department assesses applicants into one of five priority levels based on their need for services, with level five being the highest priority.

In April 2005, as shown on Exhibit B, the APCL identified 4,894 elders waiting for ADA services and 1,393 elders waiting for ALE services. Of those elders assessed at priority level five, 386 were waiting for ADA services and 127 were waiting for ALE services. Our analysis of wait list data, as of March 7, 2005, also disclosed that 64 ADA priority level 5 elders had been waiting more than 24 months for services.

While elders waited for ADA and ALE services, our review of the April 2005 monthly surplus (deficit) report prepared by the Department disclosed projected surpluses for the 2004-05 fiscal year totaling \$8 million for ADA and \$4.8 million for ALE. As of June 30, 2005, the reported surpluses decreased to \$7.4 million for ADA and \$4.4 million for ALE.

Department management cited a number of reasons for the reported surpluses at fiscal year-end. The reasons include:

- The 2002-03 fiscal year ended in a deficit for both programs. As a result, AAAs may have waited until clients disenrolled before starting the eligibility process for replacement clients.
- The formula for calculating yearly spending authority for each AAA was not based on the accuracy of the AAA's budget management during the previous year or on their capacity to enroll but rather on geographic population characteristics.
- Slots remained unfilled while the eligibility process, including financial eligibility determination by the Economic Self-

Sufficiency Program, Department of Children and Family Services, was completed.

The Department indicated that it has taken steps to enhance the budget management of ADA and ALE programs by providing the AAAs with tools to assist in the management of program enrollment, conducting meetings and conference calls between the Secretary of the Department and AAA executive directors and boards of directors, improving and providing additional training on a caseload tracking and forecasting tool, establishing budget management incentives, and dedicating staff for ADA and ALE cases.

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**Recommendation:** We recommend that the Department monitor the implementation of the steps taken to ensure that elders are timely served when ADA and ALE funds are available.

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#### **Finding No. 2: Wait List Management**

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As discussed above, the APCL is used to track clients waiting to be served by the Department's home and community-based services programs. To be enrolled in the programs and placed on the APCL, each client receives an assessment that produces ranking and priority scores denoting the client's frailty and needs. As of March 2005, there were almost 33,000<sup>1</sup> clients waiting to be served.

While our tests of the case files of 45 clients listed on the APCL as of March 2005 indicated that the clients were appropriately prioritized and ranked, we observed the following exceptions:

- Department guidelines provided that clients on the APCL should receive annual assessments. Based on documentation in the case files, we noted that two assessments were

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<sup>1</sup> Wait list totals include home and community-based services programs in addition to ADA and ALE.

not completed in a timely manner, ranging from 4 to 7 months overdue.

- While Department guidelines provided instructions to remove clients from the wait list, the guidelines did not address procedures to ensure the accuracy of the wait list. Notations in the case files indicated changes in client wait list status; however, this information often was not timely updated in the APCL. For instance, 10 clients were not timely removed from the APCL when services were no longer required (i.e., deceased, already receiving requested services, moved out of the service area, etc.). The clients remained on the APCL list up to 29 months more than necessary.

The lack of timely reassessments and accurate APCL information may have prevented current, or the next ranked, clients from obtaining relevant services.

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**Recommendation:** We recommend that the Department perform timely reassessments to ensure that the clients are prioritized at the appropriate level and receive adequate and timely services based on their condition. Performing timely reassessments should help ensure proper removal of clients on the wait list. We also recommend that the Department implement procedures to ensure that information is timely and accurately entered into the APCL.

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**Finding No. 3: Cellular Telephones**

During the audit period, cellular telephone expenditures totaled \$74,598. As of February 2005, the Department owned 119 cellular telephones, the majority of which were billed through two vendors under different shared plan configurations. Our examination of Department procedures and records relating to cellular telephone usage disclosed that Department controls over monitoring were not sufficient or always being followed:

- As shown in Table 1 below, our review of Headquarters' billings during the 12-month period ended February 28, 2005, disclosed excessive personal usage for 6 employees.

Employees	Total Minutes	Personal Minutes	Percent of Personal Usage
1	3,723	1,188	32%
2	1,699	561	33%
3	2,293	827	36%
4	2,851	1,230	43%
5	2,273	724	32%
6	1,053	548	52%
Headquarters Total	204,084	24,099	12%

Source: Cellular Telephone Invoices

Department policy, General Services No. 545.61, *Cellular & Pager Services*, states that telephones are to be used to conduct official State business, discourages personal use, requires prompt reimbursement of such, and provides for steps to be taken upon indication of routine or excessive personal usage. While our review indicated that the Department was appropriately reimbursed, there was no evidence that the Department requested justification from or considered the above-mentioned users for restrictions or termination of cellular telephone services.

- Our review of Planning and Service Areas (PSA) billings for four selected months (March, November, and December 2004, and January 2005) disclosed that the Department did not have procedures in place to ensure that the most economical cellular telephone plan was in use. As shown in Table 2 below, several shared plans were underutilized during the review period.

Table 2				
PSA	No. of Cellular Telephones	Total Shared Plan Minutes for 4 Months	Minutes Used	Percent of Utilization
2A	2	1,200	18	2%
3B	1	1,800	91	5%
4A	1	1,800	23	1%
5	1	1,800	62	3%
6A	1	1,800	183	10%
6B	1	1,800	43	2%
7B	6	6,000	4,943	82%
10	10	18,000	11,324	63%

Source: Cellular Telephone Invoices

- While Department policy required written authorization and justification for the assignment of cellular telephones and equipment upgrades, the Department was unable to provide the documentation upon request for 45 selected individuals, including the 6 users shown in Table 1. The Department explained that the documentation had been destroyed during an agency cleanup effort.
- Due to a lack of monitoring of cellular telephone usage, the Department was unaware that there was a bonus minute provision in the Headquarters' shared plan. Following audit inquiry, the Department applied for and received a credit of \$1,619.

In response to our inquiries, Department personnel indicated that they were completing a cost analysis related to the new State cellular telephone vendor. The

Department subsequently purchased cellular telephone services, effective July 1, 2005, under the new State contract.

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**Recommendation:** We recommend that the Department follow its current procedures to monitor personal usage; periodically review its billing options to determine that the most economical plan is selected; and maintain authorization and justification for telephone assignment and equipment upgrades.

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**OBJECTIVES, SCOPE, AND METHODOLOGY**

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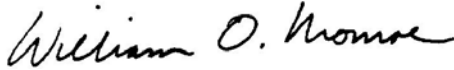
The scope of our audit focused on the activities of the Department related to wait list management, contract monitoring, and administrative functions. Specific objectives included determining:

- Whether wait list clients were appropriately prioritized, promptly served, and adequately placed.
- Whether contractual services were efficiently and effectively monitored.
- Whether selected management controls promoted and encouraged the achievement of management's objectives of compliance with controlling laws, administrative rules, and other guidelines; the economic and efficient operation of the Department; the reliability of records and reports; and the safeguarding of assets.

In conducting our audit, we interviewed auditee personnel, observed processes and procedures, and completed various analyses and other procedures as determined necessary. Our audit included examinations of various transactions (as well as events and conditions) occurring during the period July 2003 through February 2005.

**AUTHORITY**

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



William O. Monroe, CPA  
Auditor General

**AUDITEE RESPONSE**

In a letter dated October 10, 2005, the Secretary of the Department described corrective actions already taken or being planned to address the findings and recommendations. The letter is included in its entirety at the end of this report as Exhibit C.

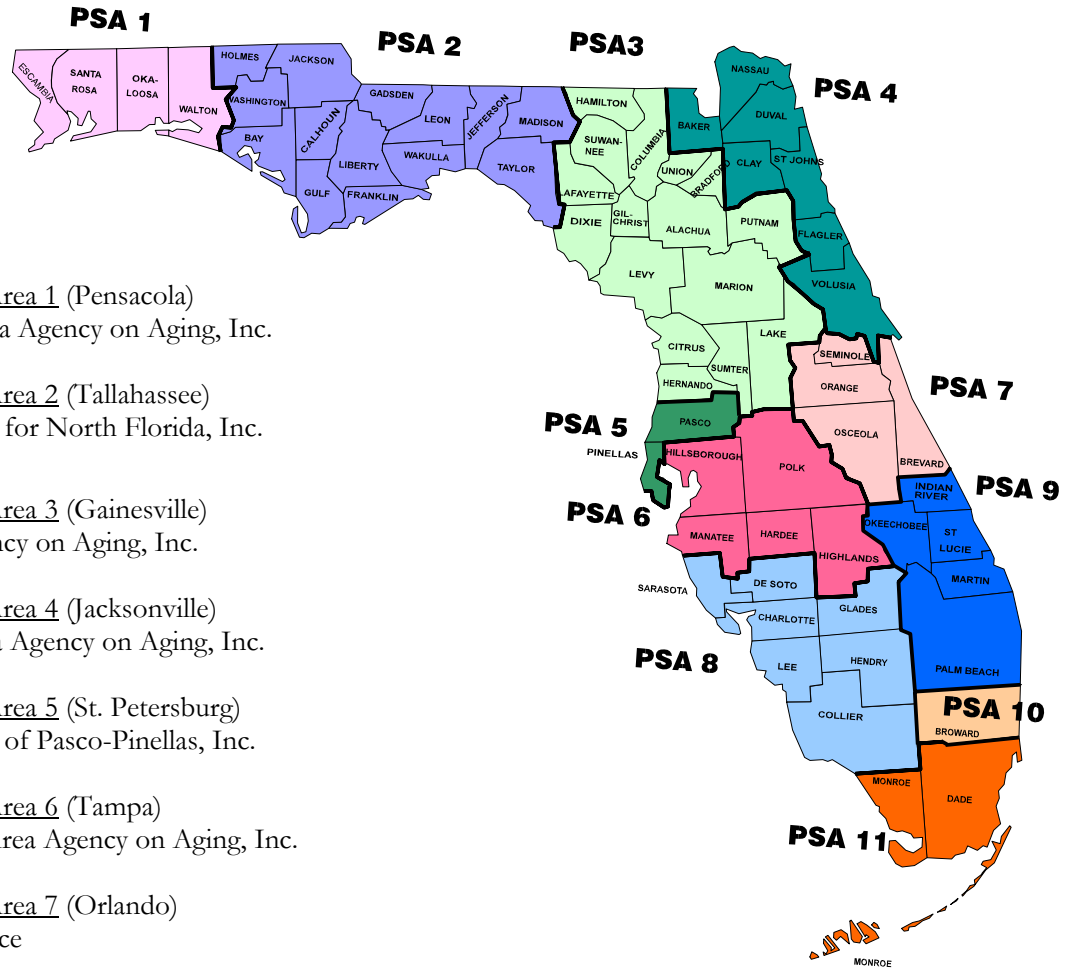
To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was conducted by Sabrina Ballew, CPA, and supervised by Mary Stewart, CPA. Please address inquiries regarding this report to Jane Flowers, CPA, Audit Manager, via E-mail at [janeflowers@aud.state.fl.us](mailto:janeflowers@aud.state.fl.us) or by telephone at **(850) 487-9136**.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850 487-9024); or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

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**Exhibit A**

Each Planning and Service Area (PSA) is served by an Area Agency on Aging that contracts with agencies for services.



Planning and Service Area 1 (Pensacola)  
Northwest Florida Area Agency on Aging, Inc.

Planning and Service Area 2 (Tallahassee)  
Area Agency on Aging for North Florida, Inc.

Planning and Service Area 3 (Gainesville)  
Mid-Florida Area Agency on Aging, Inc.

Planning and Service Area 4 (Jacksonville)  
Northeast Florida Area Agency on Aging, Inc.

Planning and Service Area 5 (St. Petersburg)  
Area Agency on Aging of Pasco-Pinellas, Inc.

Planning and Service Area 6 (Tampa)  
West Central Florida Area Agency on Aging, Inc.

Planning and Service Area 7 (Orlando)  
Senior Resource Alliance

Planning and Service Area 8 (Ft. Myers)  
Area Agency on Aging of Southwest Florida

Planning and Service Area 9 (West Palm Beach)  
Area Agency on Aging of Palm Beach/Treasure Coast, Inc.

Planning and Service Area 10 (Ft. Lauderdale)  
Area Agency on Aging of Broward County, Inc.

Planning and Service Area 11 (Miami)  
Alliance for Aging, Inc.



**Exhibit B**

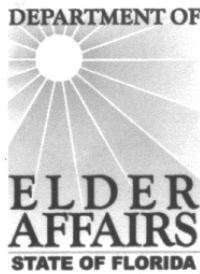
Selected Medicaid Waivers Data by PSA As of April 2005						
	Aged and Disabled Adult Waiver (ADA)			Assisted Living for Elderly Waiver (ALE)		
	Projected Surplus (Deficit)	Total Number of Clients on Wait List	Total Number of Level 5 Clients on Wait List (1)	Projected Surplus (Deficit)	Total Number of Clients on Wait List	Total Number of Level 5 Clients on Wait List (1)
PSA 1	\$ 72,370	839	50	\$ 105,912	90	6
PSA 2	197,468	105	11	73,390	25	3
PSA 3	695,428	487	95	213,133	130	4
PSA 4	36,088	183	41	403,213	70	2
PSA 5	223,134	173	24	498,669	104	64
PSA 6	1,545,667	136	5	474,669	117	8
PSA 7	650,371	39	12	449,299	153	26
PSA 8	1,014,296	234	35	223,570	81	8
PSA 9	1,963,286	333	8	601,126	106	-
PSA 10	574,461	566	73	401,061	95	5
PSA 11	1,075,130	1,799	32	1,337,912	422	1
Total	\$ 8,047,699	4,894	386	\$ 4,781,954	1,393	127

PSA - Planning and Service Area.

Source: Department of Elder Affairs reports. Wait list client information derived from the Department's Assessed Priority Consumer List (APCL).

(1) A priority level is assigned based on a system that measures the client's need for services. Level 5 is the highest priority assignment.

**EXHIBIT C  
AUDITEE RESPONSE**



**JEB BUSH**  
GOVERNOR

**CAROLE GREEN**  
SECRETARY

October 10, 2005

Mr. William O. Monroe, Auditor General  
G74 Claude Pepper Building  
111 West Madison Street  
Tallahassee, FL 32399-1450

Dear Mr. Monroe:

Please accept this letter as the Department of Elder Affairs' (DOEA) response to your correspondence dated September 9, 2005, regarding your preliminary and tentative findings and recommendations from your audit of DOEA covering the period July 2003 through February 2005.

Outlined below are the department's responses to the three recommendations identified in your communication.

**Auditor General Recommendation No. 1:** *The department monitor the implementation of the steps taken to ensure that elders are timely served when Aged/Disabled Adult Services Medicaid waiver (ADA) and Assisted Living for the Frail Elderly Medicaid waiver (ALE) funds are available.*

**DOEA Response:** The department has taken aggressive measures to improve the aging network's ability to manage the budgets and wait lists for the ADA and ALE Medicaid waiver programs.

Since my appointment as Secretary in March 2005, the department has been proactive in re-engineering the processes and tools utilized by the aging network to ensure the following:

- ADA and ALE budget management skills are enhanced,
- The state's involvement is increased, and
- Aging and Disability Resource Centers/Aging Resource Centers/Area Agencies on Aging (ADRCs/ARCs/AAAs) are held accountable.

Since April 2005, several meetings have been held with the executive directors and staff of the ADRCs/ARCs/AAAs to discuss the department's concerns and proposed remedies for the management of the ADA and ALE waivers. The department also met with board members to discuss ADA and ALE concerns and issues. The following paragraphs detail actions taken by the department.

The department created a management tool entitled "Enrollment and Expenditure Planning Tool" to assist the ADRCs/ARCs/AAAs in the regional administration of their budgets. During June 2005, statewide and individual agency training was provided on the use of this tool. Training also addressed the need to anticipate program attrition and start the eligibility process early enough to keep all available slots filled.

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The state also increased its involvement in the management of the ADA and ALE budgets by changing the way funds are allocated. In the past, the formula for calculating the yearly spending authority for each ADRC/ARC/AAA had not been based on their ability to manage their budgets during the previous year nor on their capacity to enroll; therefore, no incentives for efficient budget management were in place. As a result, this caused spending authority to be based on the population characteristics of each geographic area. Presently, the formula has been modified to include current and expected enrollment figures promoting more effective budgetary management.

Beginning September 2005, each ADRC/ARC/AAA will send to the department a monthly report listing its current caseload, expected caseload and average per-member-per-month cost. The department will use this information, in addition to, actual paid claim data and enrollment information in the Client Information and Registration Tracking System (CIRTS) to determine if adjustments to allocations for subsequent quarters in fiscal year 2005-06 are needed. These steps allow the department to track expenditures ensuring that funds are in place in the areas where they are needed most.

**Auditor General Recommendation No. 2:** *The department perform timely assessments to ensure that the clients are prioritized at the appropriate level and receive adequate and timely services based on their condition. Performing timely assessments should help ensure proper removal of clients on the wait list. We also recommend that the department implement procedures to ensure that information is timely and accurately entered into the APCL.*

**DOEA Response:** The department and the ADRCs/ARCs/AAAs are relying more heavily on the accuracy of CIRTS in order to make funding projections. An emphasis on CIRTS' accuracy prompted the department to distribute a notice to the ADRCs/ARCs/AAAs titled *Notice of Instruction: CIRTS Enrollment Data* that identified potentially outdated CIRTS enrollment data for the ADRCs/ARCs/AAAs to review. This notice resulted in many CIRTS entries being corrected.

Verifying the accuracy of CIRTS enrollment data is also part of the ADRC's/ARC's/AAA's monthly ADA waiver monitoring. Each month 110 clients are monitored (ten clients per planning and service area). The CIRTS enrollment data for each of the 110 clients monitored is checked for accuracy and updated as necessary.

In order to ensure that assessments are complete annually for all individuals on the assessed priority consumer list (APCL), the department has designed a new report that lists the individuals on the APCL, and the date of their last assessment. This report will allow the department to identify needed assessments up to a year in advance. In addition, a report will be available that lists the active ADA and ALE clients and the date their level of care was last determined, which in turn defines when the next assessment is due. Both reports will be available on the department's Intranet starting October 2005.

**Auditor General Recommendation No. 3:** *The department follow its current procedures to monitor personal usage; periodically review its billing options to determine that the most economical plan is selected; and maintain authorization and justification for telephone assignment and equipment upgrades.*

**DOEA Response:** The department concurs with this recommendation and will closely follow policy and procedures to monitor personal use of cellular telephones.

Subsequent to the time of your audit testing, the department has purchased cellular telephone service from a different state contractor, which took effect July 1, 2005. As a result, many of the items cited in the audit findings have already been addressed and others have been eliminated.

In addition, the department has created a control master file for each cellular telephone issued to employees that contains the following information.

- Justification for issuance;
- Receipt of cellular telephone issuance signed by the employee;
- Receipt for return of cellular telephone and equipment signed by the employee;
- Signed acknowledgement and documentation of each employee receiving a copy of DOEA's *Cellular & Pager Services* policy, and
- Any and all requests for upgrades or replacements of equipment.

Any other documentation maintained or collected that is related to a department cellular telephone will also be placed in this master file. The information in this file will be available for audit purposes and will enhance the department's management of its cellular telephones and related equipment.

In closing, DOEA appreciates the opportunity to respond to the preliminary and tentative findings and recommendations from your audit for the period July 2003 through February 2005. If you have any questions regarding the information contained in this memo, please do not hesitate to call Stanley Behmke at (850) 414-2000.

Sincerely,



Carole A. Green  
Secretary

cc: Stanley Behmke, Inspector General  
Ashley Stacell, Chief of Staff  
Carol Carr, Director Administrative Services  
Ronald Taylor, Director Statewide Community-Based Services