State Auditor's Office
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State Auditor

A Legislative Summary Document Regarding

Department on Aging

Contents

State Auditor's Observations

The Department on Aging (Department) exceeded allowable transfers between two appropriation strategies (state statute restricts transfers of more than 25 percent from one strategy). This occurred because the Department did not use an accurate accounting treatment to record this activity. If the appropriate accounting treatment had been used, the transfers out of the Department's Independence/Productivity strategy for appropriation years 2000 and 2001 would have been in the range of 50 to 55 percent. While the federal funding source, the Older Americans Act, does not recognize distinctions between the two state strategies, the inaccurate accounting treatment the Department used effectively revised the budget authority the Legislature set out in the General Appropriations Act funding pattern.

The Department spent more than $300,000 during the last five years to implement and maintain a client services tracking system that does not meet the Department's needs.

The Department's methods for estimating revenue, expenditures, and performance targets should result in an accurate and reliable Legislative Appropriations Request (LAR). The Department provides services through 28 regional Area Agencies on Aging (AAA) and their contract and/or vendor service providers. As a result, the Department's estimates are based on projections developed by the AAAs.

We were unable to certify without qualification any of the six fiscal year 2001 performance measures we tested. Two measures were inaccurate, two measures were certified with qualification, and two measures had factors that prevented certification.

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Department on Aging

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Financial Profile

Appropriation Transfers

The Department on Aging (Department) did not properly account for actual transfers of approximately $4 million and $7 million in appropriation years 2000 and 2001, respectively, between its Independence/Productivity and Connections strategies. The Department recorded these transfers in the Uniform Statewide Accounting System (USAS) as lapses in one strategy and excess collected revenue in the other strategy. While the federal funding source, the Older Americans Act, does not recognize the State's distinction between these strategies, the use of funds does not adhere to the budget authority set out by the Legislature or requested by the Department in its Legislative Appropriations Request (LAR). If the Department had used proper accounting treatments, the transfers out of the Independence/Productivity strategy for both years would have been in the range of 50 to 55 percent. This exceeds the 25 percent transfer limit established in Article IX, Section 6.08, of the General Appropriations Act (76th Legislature).

Client Services Tracking System

The Department spent more than $300,000 over the last five years to implement and maintain a client services tracking system that, to date, has not met the Department's needs. Although the Area Agencies on Aging (AAA) also funded a portion of the cost and use the software, the Department has not been able to get reports that summarize all AAA activity. This has resulted in the Department not having information it needs. For example, according to the Department, the lack of summary reporting has caused the Department to be unable to provide performance measure information to the Automated Budget and Evaluation System for Texas (ABEST).

New Federal Program

The 2004–2005 LAR includes a funding source for a federal program that was not shown in the 2002–2003 LAR because it was awarded after the LAR had been submitted. The Department began receiving these funds in the last part of fiscal year 2001. The program is the National Family Caregiver Program and provides a variety of support services to family caregivers and grandparents or older individuals who are relative caregivers. The Department was awarded just more than $6 million each year for fiscal years 2001 and 2002. The Department estimated that fiscal year 2002 revenues from this source would be $6.4 million; it estimates it will receive $7 million in revenues for each of fiscal years 2003, 2004, and 2005. Seventy-five percent of the program's funding comes from the federal government; 25 percent is from state matching funds.

Expenditures by Category

The table below shows the Department's expenditures by Comptroller of Public Accounts category as reported by the Department in USAS for appropriation years 2000, 2001, and 2002. This data has not been audited. It is provided for informational purposes to show how the Department has spent its funds. We obtained explanations from the Department for fluctuations across years that appeared unusual.

Expenditures by Comptroller USAS Category Groups

Comptroller USAS Category Group	Appropriation Year 2000	Appropriation Year 2001	Appropriation Year 2002
Intergovernmental Payments	$ 49,037,353	$ 53,622,729	$ 64,440,904
Public Assistance Payments (Note A)	7,224,067	8,358,392	7,670,685
Salaries and Wages[a]	1,286,753	1,339,419	1,491,577
Interfund Transfers/Other (Note A)	1,132,696	860,654	1,919,614
Professional Services and Fees (Note B)	438,196	82,540	193,729
Other Expenditures (Note C)	317,586	581,291	594,940

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Expenditures by Comptroller USAS Category Groups			
Comptroller USAS Category Group	Appropriation Year 2000	Appropriation Year 2001	Appropriation Year 2002
Employee Benefits	268,586	288,375	354,328
Travel	51,737	42,976	38,630
Capital Outlay	47,729	18,454	2,983
Communications and Utilities	37,738	52,810	44,495
Supplies and Materials	34,281	40,408	32,249
Printing and Reproduction	29,481	29,705	34,560
Rentals and Leases	22,299	16,161	14,166
Repairs and Maintenance (Note D)	6,325	224,103	175,578
Interest/Prompt Payment Penalties	457	197	611
Total Expenditures by Comptroller Category	**$ 59,935,284**	**$ 65,558,214**	**$ 77,009,049**

[a] The amounts shown here for Salaries and Wages will not agree with the Salary Expenditures in the Workforce Summary Document prepared by the State Classification Office (SCO) because the USAS Salaries and Wages category does not include certain object codes that SCO considers employee compensation. These include performance awards and employee recognition awards.

Source: USAS – All funds including appropriated, unappropriated, and non-appropriated as of November 30, 2002.

Note A – The appropriation year 2001 decrease in Interfund Transfers/Other Expenditures and a corresponding increase in Public Assistance Payments occurred because of a change in the method of accounting for federal pass-through monies.

Note B – For appropriation year 2000, professional services and fees were higher because temporary contract employees were hired during the implementation of a system to track client services (AIM). These expenditures were classified as part of Other Expenditures in appropriation years 2001 and 2002.

Note C – The appropriation year 2001 increase in other expenditures relates to the implementation of the AIM system described in Note B.

Note D – The appropriation year 2002 increase in repairs and maintenance was due to upgrades necessary to implement the AIM system described in Note B.

Performance Management

Performance Indicators Used by Management

The Department on Aging (Department) uses performance measures identified in the General Appropriations Act (outcomes and outputs) to determine how well it is meeting its mission. The Executive Director reviews performance measure reports every quarter before the information is updated in ABEST. The Board receives ABEST performance measure reports at its quarterly meetings.

Estimating Performance Targets

The Department's actual outcomes frequently exceed its forecasts, which indicates that the Department tends to understate its ability to meet its goals. For seven key outcome measures for the five years from 1997 to 2001, the Department's actual performance fell below the target by at least 5 percent four times and exceeded the target by at least 5 percent 12 times. Not all measures were applicable to all years, and, because of a problem with the Department's client services tracking system (AIM), some data was not available for fiscal year 2001.

The Department bases its projections for key measures on estimates provided by the AAAs, with which the Department contracts to provide services. The AAAs submit their estimates for measures such as caseload and client services, and the Department summarizes these estimates to set its targets. The Department requires the AAAs to explain or adjust their projections when they differ significantly from prior results.

Most Recent Performance Measure Certification — Fiscal Year 1998–Fiscal Year 2003

The results included in *An Audit Report on Fiscal Year 2001 Performance Measures at 14 Entities* (Report No. 03-008, November 2002) for this entity are summarized below.

Period	Goal/Strategy		Measure	Certification Results
2001	A	Services and Opportunities	Percent of Older Population Receiving Services Who are Low-Income	Factors Prevent Certification
2001	A	Services and Opportunities	Percent of Older Population Receiving Services Who are Moderately to Severely Impaired	Factors Prevent Certification
2001	A	Services and Opportunities	Percent of Older Population Receiving Services Who Remained Independent Due to Services	Certified with Qualification
2001	A.1.2	Nutrition Services	TDOA Cost per Home-Delivered Meal	Inaccurate
2001	A.1.2	Nutrition Services	USDA Reimbursement Rate Per Meal	Certified with Qualification
2001	A.1.3	Independence/Productivity	TDOA Cost Per One-Way Trip	Inaccurate
			Total Measures Certified Without Qualification	**0/6 (0%)**
			Data Reliability Percentage (Certified and Certified with Qualification)	**2/6 (33%)**

[a] The percentage of unqualified certifications is presented because it is used in determining an entity's eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevent Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.

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Disaster Preparedness

We gathered information from the Department on Aging (Department) on plans in place to provide continued operations and services in the event of a disaster. Standard audit criteria for disaster preparedness have not been established; therefore, we are not evaluating the Department's plans. Our objective was only to provide the information reported by the Department.

The Department has prepared a Business Continuity Plan (BCP) that provides for the continuation of services in the event of a natural disaster, manmade disaster, or terrorism. The BCP identifies the team responsible for its implementation and includes provisions for an alternative site. However, the Department has not updated the BCP since May 31, 1999. Conversely, the Department's information technology disaster recovery plan, which is an integral part of the BCP, is regularly updated and contains inventories of vital automation equipment and personnel, procedures for various scenarios, identified risks, and controls to minimize risks. Although the Department has not updated the BCP, the employee contact list is kept current on the Department's Web site, and the site is covered under the disaster recovery plan.

The Department has an interagency agreement with the Texas Rehabilitation Commission (TRC) to provide automation systems support. While the agreement makes TRC responsible for routine administration, it does not address TRC's responsibility to the Department in the event of a disaster. The agreement does not identify the Department's critical systems or each agency's specific responsibilities. Additionally, due to the Department's proximity to the TRC, both agencies could be affected by the same disaster.

Travel Expenditures

Travel Expenditures by Appropriation Year (unaudited)

	2000	2001	2002
In-State Travel	$ 47,541	$ 40,173	$ 33,945
Out-of-State Travel	4,502	2,803	4,657
Foreign Travel	0	0	0
Other Travel Costs	(306)	0	29
Total Travel Expenditures	**$ 51,737**	**$ 42,976**	**$ 38,630**
Limit on Travel Expenditures (Cap)	56,848	56,848	4,502 [a]
Expenditures in Excess of Cap	**$ 0**	**$ 0**	**$ 155**

[a] Caps apply to total travel in appropriation years 2000 and 2001, but caps apply only to out-of-state travel and foreign travel in appropriation year 2002. Caps, calculated by the Comptroller of Public Accounts, have been adjusted for any increases requested by the Department and approved by the Legislative Budget Board in accordance with the General Appropriations Act.

Source: Uniform Statewide Accounting System (USAS) as of November 30, 2002. Amounts are subject to change as agencies continue to record additional expenditures or adjustments.