

Office of the Auditor General
Performance Audit Report

Aging and Adult Services Agency
Michigan Department of Health and Human Services

October 2019

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

The auditor general may make investigations pertinent to the conduct of audits.

Article IV, Section 53 of the Michigan Constitution



Performance Audit

Report Number:
391-0645-18

Aging and Adult Services Agency (AASA)

Michigan Department of Health and Human Services (MDHHS)

Released:
October 2019

AASA is Michigan's designated State unit on aging as mandated by the federal Older Americans Act. AASA is responsible for addressing older adult issues; facilitating and funding programs and services for older adults; and supervising, monitoring, assessing, and evaluating the services provided to older adults by Michigan's 16 local area agencies on aging (local agencies). AASA provides direct guidance to the local agencies and monitors the local agencies' oversight activities related to more than 1,300 subcontracted service providers. For fiscal year 2017, AASA expended \$93.9 million, of which \$78.9 million (84%) was funding for local agencies.

Audit Objective			Conclusion
Objective #1: To assess the effectiveness of AASA's efforts to monitor agencies that provided select services to older adults in Michigan.			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
Twenty percent of local agencies' subcontractor assessment documentation did not fully support the agencies' on-site review procedures or the conclusions. In addition, AASA often did not appropriately conduct and/or document its oversight activities related to the local agencies' subcontracted service providers (Finding #1).	X		Agrees
AASA field representatives did not always adequately document review procedures to support their conclusions for annual on-site assessments of local agencies (Finding #2).		X	Agrees
AASA could improve its criminal background check review process for local agencies. We noted instances of unverified contracted service provider background checks, insufficient local agency employee and volunteer background check reviews, and inconsistent background check review guidelines for local agencies (Finding #3).		X	Partially agrees
AASA did not ensure that 33% of local agency employees, or any of the volunteers reviewed, received required annual in-service trainings (Finding #4).		X	Agrees

Audit Objective			Conclusion
Objective #2: To assess the effectiveness of AASA's efforts in evaluating its performance.			Effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
None reported.		Not applicable.	

Audit Objective			Conclusion
Objective #3: To assess the effectiveness of selected MDHHS and Department of Technology, Management, and Budget security and access controls over the Aging Information System (AIS).			Moderately effective
Findings Related to This Audit Objective	Material Condition	Reportable Condition	Agency Preliminary Response
AIS needs improved security controls to better protect system data against vulnerabilities and threats that could impact AIS security (<u>Finding #5</u>).		X	Agrees
Of the terminated or transferred AIS users that we reviewed, 33% still had active AIS accounts. Also, 55% of the users that we reviewed had AIS access rights in excess of those authorized and approved by AASA (<u>Finding #6</u>).		X	Agrees

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October 29, 2019

Ms. Dona J. Wishart, Chair
Commission on Services to the Aging
South Grand Building
Lansing, Michigan
and
Mr. Robert Gordon, Director
Michigan Department of Health and Human Services
South Grand Building
Lansing, Michigan
and
Ms. Tricia L. Foster, Director
Department of Technology, Management, and Budget
Lewis Cass Building
Lansing, Michigan

Dear Ms. Wishart, Mr. Gordon, and Ms. Foster:

This is our performance audit report on the Aging and Adult Services Agency, Michigan Department of Health and Human Services (MDHHS).

We organize our findings and observations by audit objective. MDHHS, in conjunction with the Department of Technology, Management, and Budget, provided preliminary responses to the recommendations at the end of our fieldwork. The *Michigan Compiled Laws* and administrative procedures require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

We appreciate the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, flowing style.

Doug Ringler
Auditor General

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AUDIT OBJECTIVES, CONCLUSIONS, FINDINGS, AND OBSERVATIONS

EFFORTS TO MONITOR AGENCIES THAT PROVIDE SERVICES

BACKGROUND

The Aging and Adult Services Agency (AASA) provides funding and oversight of services to Michigan's older adults* delivered through 16 local agencies*, also commonly referred to within Michigan's aging network as area agencies on aging (AAAs) (see Exhibit #1). The 16 local agencies provide a variety of services that include community-based support services, access services, senior employment programs, elder rights services, in-home services, older volunteer programs, and caregiver support (see Exhibit #2). Local agencies directly provide some services to older adults but, most often, the agencies subcontract with approximately 1,300 subcontracted service providers* to deliver the services.

The federal Older Americans Act of 1965* requires AASA to be primarily responsible for the planning, policy, development, administration, coordination, priority setting, and evaluation of all State activities related to the Act. Further, the Older Michiganians Act of 1981* requires AASA to supervise, monitor, assess, and evaluate local agencies in meeting specific objectives*.

AASA has developed operating standards for the activities of the local agencies and the subcontracted service providers. AASA's operating standards require the local agencies to operate under multi-year plans* (MYPs) and annual implementation plans* (AIPs) that are approved by the State's Commission on Services to the Aging*. The approved MYPs and AIPs provide AASA with detailed documentation of each local agency's service delivery plan so that AASA can monitor the related activities.

AASA has six field representatives who are responsible for the initial compliance review of local agency MYP and AIP submissions and monitoring the operations of the 16 local agencies. The field representatives conduct on-site assessments and/or desk reviews of local agency processes and primarily document their monitoring activities using assessment guides and/or assessor checklists. The local agency operations that AASA field representatives monitor include but are not limited to:

- Subcontractor request for proposal (RFP) and contracting activities.
- Employee and subcontractor criminal background check procedures.
- Client care management case record maintenance.

* See glossary at end of report for definition.

- Employee and board of directors' conflict of interest disclosure practices.
- Employee and volunteer in-service training activities.

During the period October 1, 2015 through September 30, 2017, AASA provided \$155 million to the 16 local agencies for program services. During the same period, the local agencies reported that they provided \$114 million to subcontracted service providers.

AUDIT OBJECTIVE

To assess the effectiveness* of AASA's efforts to monitor agencies that provided select services to older adults in Michigan.

CONCLUSION

Moderately effective.

FACTORS IMPACTING CONCLUSION

- AASA thoroughly documented its review and maintained documentation of the State's Commission on Services to the Aging approval for all 16 local agency MYPs and AIPs applicable to the audit period.
- Our review of four sampled local agencies disclosed that the local agencies:
 - Complied with AASA's operating standards for AAAs pertaining to RFPs and local service provider contract provisions reviewed.
 - Conducted 99% of applicable fiscal year 2017 employee background checks and appropriately updated 97% within the required 5 years.
 - Maintained client care case management records that documented appropriate approvals for 97% of the client intakes and 95% of the client care plans reviewed.
 - Maintained conflict of interest disclosure documentation for 97% of local agency employees and 95% of local agency board of directors reviewed.
- Material condition* related to the monitoring and oversight of local agency subcontractors' activities (Finding #1).

* See glossary at end of report for definition.

- Reportable conditions* related to needed improvements in:
 - Documentation of and procedures for AASA annual on-site local agency assessments (Finding #2).
 - Policies for and monitoring of criminal background checks (Finding #3) and in-service training for local agency employees and volunteers (Finding #4).

** See glossary at end of report for definition.*

FINDING #1

Improvement needed in the monitoring and oversight of subcontracted service provider activities.

AASA needs to ensure that local agency staff and AASA field representatives improve their monitoring and oversight of subcontracted service providers' activities.

AASA has developed operating standards and policies for subcontractor activities, the local agencies' oversight of subcontractor activities, and AASA field representatives' monitoring of local agency activities, including:

- Requiring each local agency to annually conduct a formal on-site assessment of each subcontractor's programmatic and fiscal performance using an AASA approved assessment tool.
- Requiring AASA field representatives to:
 - Review the local agencies' subcontractor programmatic and fiscal assessment guide templates during year one of each MYP.
 - Monitor at least 1 of the local agencies' on-site subcontractor assessment visits each fiscal year and document using AASA's standardized monitoring tool.
 - Review at least 5 of the local agencies' subcontractor assessment files during the local agencies' annual assessment visit and ensure that at least 2 of the 5 are for AASA funded purchase-of-service (POS) providers if the local agency uses AASA funding for POS agreements.

Our review disclosed:

- a. Local agency staff did not always maintain or appropriately complete subcontractor assessment guides to document annual on-site assessment procedures and support compliance conclusions. Our review of 173 local agency subcontractor fiscal and program assessment files for 4 local agencies disclosed:
 - (1) 43 (25%) subcontractor assessment guides were not maintained or completed by the local agencies. The local agencies informed us that AASA did not require the local agencies to retain subcontractor assessment documentation and that some had been destroyed. Thirty-eight of the assessment guides were not maintained by the local agencies and 5 were incomplete.
 - (2) 30 (23%) of the local agencies' conclusions for the 130 completed assessments did not correlate with the information documented in the assessment or were not adequately supported by the documented information. For example, several local agency subcontractor assessment conclusions indicated that local agency

Local agencies sometimes did not maintain and/or complete subcontractor assessment records, and documented assessments at times lacked sufficient information to support on-site review procedures and conclusions.

staff had noted no issues based on a review of the subcontractors' client files; however, there was no documentation to identify the files that had been reviewed to support that conclusion.

- b. AASA field representatives did not always appropriately conduct and/or document their monitoring of local agencies' subcontractor assessment activities. Our review disclosed:
- (1) 10 (31%) of the 32 fiscal year 2017 subcontractor program and fiscal assessment guide templates were not reviewed by the AASA field representatives. Unless there are significant and material changes to the templates, AASA field representatives are required to review the templates during only the first year of the MYP cycle for compliance with AASA operating standards for AAAs (fiscal year 2017 was the first year of the 2017 through 2019 cycle).
 - (2) 9 (28%) of the 32 AASA field representatives' on-site subcontractor observation monitoring tools were incomplete or blank. Eight were incomplete and 1 was blank.
 - (3) 3 (19%) of 16 POS provider assessment files that field representatives had reviewed to conclude on the local agencies' compliance with AASA operating standards for subcontractors were for non-AASA funded provider agreements. Therefore, these providers were not subject to AASA operating standards and the field representatives should not have considered them when concluding on the local agencies' compliance.
 - (4) 1 (13%) of 8 AASA annual local agency assessment tools reviewed did not identify the subcontractor assessment files that the field representative had examined to support the conclusion on the local agencies' compliance with operating standards.

AASA field representatives often did not appropriately conduct and/or document their oversight activities for local agency subcontractor activities.

AASA informed us that it did not perform or require a supervisory review of field representatives' monitoring of the local agencies' oversight of subcontractor activities.

We consider this finding to be a material condition because of the significant exception rates and the number of areas where we noted exceptions. In addition, AASA awarded over 80% of its State and federal funding to local agencies that in-turn awarded most of the funding to subcontracted service providers to provide essential services to older adults (see Exhibit #3).

RECOMMENDATION

We recommend that AASA ensure that local agency staff and AASA field representatives improve their monitoring and oversight of subcontracted service provider activities.

**AGENCY
PRELIMINARY
RESPONSE**

AASA provided us with the following response:

AASA agrees with the recommendation. AASA is currently reviewing its guidance to local agencies for the local agency subcontractor assessments and its process for AASA's local agency subcontractor assessments activities.

AASA will make any necessary revisions to its assessment tool and subcontractor programmatic and fiscal assessment guide templates upon completion of this review. AASA anticipates completion by November 1, 2019 to allow for the implementation of revised forms and inclusion of revised documentation review during AASA's fiscal year 2020 subcontractor observation visits and for the Spring 2020 AASA onsite compliance assessments of local agency fiscal year 2020 activities.

AASA will also review its supervisory review process and determine what additional enhancements are warranted.

The adjustments to add requirements to AASA's local agency assessment software module will be implemented as part of the overall assessment software changes to support Spring 2020 annual local agency assessments. It is anticipated that these software changes will be completed by March 1, 2020. Revised forms include: 1) supervisor sign-off on the completed observation assessment guide; 2) adding a standing item on field staff monthly meeting agenda to discuss any in process or recently completed subcontractor observation visits; and 3) a requirement that during the annual onsite AASA assessment of the local agency, AASA staff will review the local agency's assessment file(s) and documentation of the most recently subcontractor observation visit to ensure file completeness and local agency compliance determination.

FINDING #2

Improvement needed in the documentation of and procedures for AASA annual on-site assessments of local agencies.

AASA needs to improve its documentation of and procedures for annual on-site local agency assessments.

The Older Michigianians Act of 1981 requires AASA to supervise, monitor, assess, evaluate, and provide technical assistance to local agencies. To help ensure that AASA meets this statutory responsibility, AASA field representatives conduct annual on-site local agency assessments.

AASA field representatives documented their on-site local agency assessment procedures and conclusions using the local agency assessment guide and the AASA assessor checklist. We reviewed the guides for 4 local agencies and the assessor checklists for all 16 local agencies for fiscal years 2016 and 2017. Our review disclosed:

- a. AASA field representatives did not always adequately document within the assessment records their review procedures to support their conclusions for annual on-site assessments. For example, the assessment records that we reviewed often did not indicate the full names or other unique identifiers to document the local agency employees, volunteers, clients, or board members' records that the field representative observed and tested to evaluate the local agency's compliance with AASA's operating standards. Typically, field representatives used only first and last name initials to identify the records reviewed.

We examined assessment documentation for 4 local agencies and compared the field representatives' recorded information with the applicable staff directories and client listings for the local agency. We noted:

- (1) Field representatives did not document any initials, or the recorded initials did not match any individuals on the applicable local agency's staff directory or client listing, or recorded initials matched multiple individuals for:
 - 20 (50%) of the 40 local agency employee training records reviewed.
 - 17 (41%) of the 41 client case files reviewed.
 - 24 (40%) of 60 employee and volunteer criminal background check documents reviewed.
 - 3 (13%) of 23 local agency board member conflict of interest statements reviewed.
- (2) Field representatives concluded that all 4 of these local agencies were in compliance with the applicable AASA operating standards for both fiscal years

reviewed. However, those conclusions could not be supported without adequate documentation of the individuals' records that were reviewed.

- b. AASA field representatives did not always complete the local agency assessor checklist. Our review noted that 23 (72%) checklists were incomplete and AASA could not provide 2 (6%) of the 32 applicable checklists. The 23 incomplete checklists were missing responses for between 1 and 8 of the 19 questions. The checklist contains 19 questions that are designed to help ensure that field representatives consistently complete all necessary reviews, and it is the only tool used by the field representatives to support results and conclusions documented within the local agency assessment guide.

Sound on-site inspection practice includes a written record of all observations and tests considered to determine compliance and support conclusions; however, AASA informed us that it did not require its field representatives to provide the full name or another unique identifier when documenting their file review procedures or to complete the local agency assessor checklist. In addition, AASA did not require a supervisory review and/or approval of field representatives' annual on-site local agency assessments.

RECOMMENDATION

We recommend that AASA improve its documentation of and procedures for annual on-site local agency assessments.

AGENCY PRELIMINARY RESPONSE

AASA provided us with the following response:

AASA agrees with the recommendation. As part of the annual local agency onsite assessment development and update process and for the upcoming Spring 2020 onsite assessment cycle, AASA will review documentation requirements for AASA's annual onsite assessment guide and assessment process to more fully document the local agency files tested. AASA plans to enhance the documentation collected on the local agency assessment guide, provide additional policy guidance to AASA field representatives on enhanced documentation, and to provide additional guidance on file testing. Included in the policy updates will be requirements for local agencies to AASA field staff to document full names of staff files reviewed to allow for verification with local agency staff lists.

The local agency assessor's checklist was developed in fiscal year 2014-15 by a field representative as a helpful reminder to highlight certain items in the local agency assessment guide for attention during the onsite assessment process. The use of this tool has never been a requirement of the onsite assessment. The assessor checklist tool was distributed to field staff to use as a tool, if they determined it to be helpful. The assessor's checklist was not intended to supplant the completed local agency assessment guide as the official documentation of the onsite

assessment, assessment findings and closeout. AASA has updated the online assessment software to include the field representative's "assessor's checklist" as a required component of the formal assessment document.

AASA will enhance the current process for supervisory review of the local agency annual assessment closeout to include a sign off by the supervisor prior to the agency deputy director sign-off and issuance of the assessment closeout letter.

FINDING #3

Improvement needed in the policies for and monitoring of criminal background checks for local agency contracted service providers, employees, and volunteers.

AASA needs to improve its policies for and monitoring of local agency subcontracted service provider, employee, and volunteer criminal background checks to increase its assurance that older adults are better protected from potential abuse and exploitation*.

The OAG used the following criteria:

- The federal Older Americans Act requires AASA to be primarily responsible for the planning, policy development, administration, coordination, priority setting, and evaluation of all State activities related to the objectives of the Act.
- The Older Michiganians Act indicates that AASA shall be primarily responsible for the coordination of all State activities related to the purpose of the Act and shall supervise, monitor, assess, evaluate, and provide technical assistance to local agencies and other agencies receiving funds from AASA in meeting specified objectives.
- AASA operating standards for service programs require local agencies to conduct a criminal background check through the Michigan Department of State Police for all paid and volunteer staff. In addition, AASA policy requires that its field representatives test a random sample of at least 10% of employee and volunteer files to evaluate criminal background check documentation during annual on-site local agency assessments.
- AASA policy requires that local agencies develop guidelines to assess felony convictions.

We reviewed AASA's criminal background check policies for local agency subcontracted service providers, employees, and volunteers and the related monitoring activities for four local agencies for fiscal years 2016 and 2017. We noted:

- a. AASA's policy did not provide the local agencies and field representatives specific requirements and guidance for the verification of criminal background check documentation for subcontracted service providers' paid and volunteer staff.

All four local agencies reported that they required subcontracted service providers to conduct criminal background checks of employees and volunteers contracted to deliver services to older adults; however, the local agencies also indicated that they reviewed criminal background check documentation for only a small number of their subcontracted service providers each year. In addition, AASA field representatives did not review the local agencies' procedures for or examine documentation

Specific requirements and guidance for local agencies and field representatives are needed regarding the verification of criminal background check documentation for subcontracted service providers' paid and volunteer staff.

* See glossary at end of report for definition.

of subcontracted service providers' criminal background checks during AASA's annual on-site local agency assessments.

- b. AASA did not ensure that its field representatives tested a random sample of at least 10% of local agency employee and volunteer files during 7 (88%) of the 8 annual on-site assessments for the 4 local agencies.

AASA field representatives most often tested 5 local agency employee and volunteer files, but they did not determine if that was sufficient to meet the 10% requirement based on the total number of applicable local agency employees and volunteers. The percentage of employee and volunteer files tested during these 7 annual on-site assessments ranged from 0% to 8.7%.

Clarification of AASA's criminal background check monitoring policy for field representatives is needed related to local agency employees and volunteers.

- c. AASA's criminal background check review policy did not clearly identify the local agency employees and volunteers that field representatives should have included in their sample for review during annual on-site local agency assessments. Of the 56 employees and volunteers reviewed by field representatives during annual on-site assessments, 19 (34%) either were not funded through AASA or did not have direct contact with or access to older adult clients on an individual basis.

AASA informed us that field representatives should have sampled only from employees and volunteers who were funded through AASA grants and had direct contact with, or access to, older adult clients on an individual basis. However, AASA's policy indicates that all local agency employees and volunteers are subject to sample by the field representative. Clarifying AASA's criminal background check review policy would improve the effectiveness of the annual on-site local agency assessment by ensuring that field representatives focus their review on the applicable employees and volunteers that have direct contact with vulnerable older adults.

Standardized guidelines for the assessment of convictions identified through criminal background checks are needed to help Statewide consistency and objectivity.

- d. AASA did not provide the local agencies with standardized guidelines for the assessment of criminal background check convictions identified during required criminal background checks. Alternatively, AASA required the local agencies to each develop their own guidelines. Of the guidelines reviewed for the four local agencies, only one identified specific felony convictions that would preclude employment with the local agency or a subcontracted service provider. The remaining three provided for the individual assessment of felony convictions to determine employment eligibility.

AASA informed us that it did not provide Statewide standardized guidelines to local agencies because it was unsure of its authority to do so. However, providing

standardized guidelines to assess convictions would help AASA ensure consistency and objectivity among local agencies Statewide, would allow AASA to better monitor the local agencies, and could help ensure the safety of older adults who receive services from the local agencies and subcontracted service providers.

RECOMMENDATION

We recommend that AASA improve its policies for and monitoring of local agency subcontracted service provider, employee, and volunteer criminal background checks to increase its assurance that older adults are better protected from potential abuse and exploitation.

AGENCY PRELIMINARY RESPONSE

AASA provided us with the following response:

AASA partially agrees with the recommendation.

AASA agrees that it needs to improve monitoring of and policies for local agency employee, volunteer, and contracted service provider criminal background checks.

However, AASA disagrees that its role is to provide the local agency with standardized guidelines for the assessment of criminal background check convictions identified during required criminal background checks.

AASA is currently initiating a review of criminal background requirements and related policy guidance. AASA expects to issue updated policies and guidance that includes:

- Updated guidance to AASA field staff on reviewing local agencies subcontracted service provider criminal background check review procedures and documentation of local agency subcontractor criminal background check compliance testing during the AASA annual onsite local agency assessment and observation visit for local agency subcontractor assessments. This updated guidance will be issued to coincide with the release of AASA instructions for onsite local agency assessments for 2020. AASA expects to release this guidance by March 1, 2020.*
- Updated guidance to AASA field staff on developing an adequate sample size for employee criminal background check testing based on more specific employee lists that only include AASA-supported staff for annual on-site local agency assessments. This updated guidance will be issued to coincide with the release of AASA instructions for onsite local agency assessments for 2020. AASA expects to release this guidance by March 1, 2020.*
- Updated policy that requires local agencies to provide, as a component of the onsite assessment process, a list of AASA-supported staff for criminal background check*

sampling, employee file review, and testing purposes. In addition, requiring local agencies to provide a list of staff that are not subject to AASA criminal background check testing because they are not supported by AASA funds and are subject to non-AASA criminal background check requirements due to their work at the local agency for non-AASA programs. This updated guidance will be issued to coincide with the release of AASA instructions for onsite local agency assessments for 2020. AASA expects to release this guidance by March 1, 2020.

AASA will require local agencies to have their own appropriate standardized guidelines that are used to review and assess identified convictions. Prior to the audit period, AASA issued guidance to local agencies on AASA criminal background check requirements, including the adjudication of criminal background check reports that contain felony convictions. The intent of that guidance was to reiterate the requirement that local agencies conduct a criminal background check for staff and review and adjudicate any felony convictions in terms of the applicant's appropriateness for employment or volunteering activities.

Local agencies are independent public/government or private non-profit organizations. Local agency employment policies and practices are set by the local agency board of directors or the governing body of the large parent organization in the case of a local agency that operates within a larger multi-purpose or public organization (e.g., community action agency, county department, etc.). As such, AASA does not employ staff at any local agency and leaves the administration of personnel actions to the local agency (e.g., executive director, human resources office and local agency board of directors). It is in that context that criminal background check policy guidance issued to local agencies did not include a specific list of felony convictions that would preclude an individual from employment or a volunteer position. Rather, the policy required that any felony convictions would be reviewed by the agency per their human resources policies and the AASA-required considerations below:

- The nature of the felony offense for which the individual was convicted;*
- The time that has elapsed since the conviction; and*
- The nature of the employee or volunteer's work on behalf of the local agency.*

AASA is reviewing current criminal background check requirements and related policy guidance. AASA expects to issue updated policy guidance to local agencies that requires all local agencies to develop written guidelines for their agency review of felony convictions that are identified during a criminal background check. These guidelines describe how the local agency should document the determination of an applicant's appropriateness of

employment or volunteer activities when a felony conviction is identified. AASA will review the appropriateness of the documented application of these criminal background check guidelines during the onsite local agency assessment.

The verification of written local agency criminal background check guidelines as described above will be added to the AASA assessment guide and will be verified and documented by AASA during the annual AASA onsite local agency assessment.

**AUDITOR'S
COMMENTS TO
AGENCY
PRELIMINARY
RESPONSE***

AASA's response indicates that it disagrees that it is AASA's role to provide the local agencies with standardized guidelines for the assessment of convictions identified during required criminal background checks. However, our finding and recommendation are based on the mandated responsibilities placed on AASA by both the Older Americans Act and the Older Michiganians Act. The Acts require AASA to be primarily responsible for the planning, policy development, administration, coordination, priority setting, and evaluation of all State activities and to supervise, monitor, assess, evaluate, and provide assistance to local agencies and other agencies receiving funds from AASA. These responsibilities are echoed in AASA's mission*, which is to provide Statewide leadership, direction, and resources to support Michigan's aging, adult services, and disability networks with the aim of helping residents live with dignity and purpose.

Also, AASA operating standards establish the local agency employee and volunteer criminal background check requirement; therefore, providing Statewide standardized guidelines would further enhance the effectiveness of the established requirement. This is reinforced by our finding, in which we noted that 3 of the 4 local agencies reviewed did not have a comprehensive policy regarding disqualifying convictions and individually reviewed and assessed convictions on a case-by-case basis.

* See glossary at end of report for definition.

FINDING #4

AASA needs to improve its monitoring of and policy for in-service training of local agency employees and volunteers.

Improvement needed in local agency employee and volunteer in-service training.

AASA's operating standards for service programs and AASA's policy require care managers*, case coordinators*, and nutrition program employees and volunteers to receive in-service training at least twice each fiscal year that is specifically designed to increase their knowledge and understanding of the program and improve their skills at tasks performed in the provision of service.

Many nutrition program employees and volunteers did not receive the required in-service training.

Our review of in-service training records for employees and volunteers at four local agencies for fiscal years 2016 and 2017 disclosed:

- a. AASA's monitoring did not always ensure that applicable local agency employees and volunteers annually received two in-service trainings. Our review noted:

	Individuals' Annual Training Records Reviewed	Individuals Lacking Two Annual In-Service Trainings	Percent
Care managers and coordinators	116	18	16%
Nutrition program employees	62	39	63%
Nutrition program volunteers	1,878	1,878	100%

- b. AASA needs to ensure that its field representatives direct their monitoring efforts toward reviewing records for employees and volunteers who were required to receive annual in-service training. Of the 40 employee and volunteer in-service training records reviewed by field representatives during annual local agency on-site assessments, 6 (15%) were for employees who did not require in-service training.
- c. AASA needs to clarify its policy regarding in-service training requirements. AASA policy requires two in-service trainings per fiscal year for select employees and volunteers; however, policy does not specify training topic areas or the minimum number of annual training hours. Specifying training topics that coincide with AASA's goals* and requiring a minimum number of annual training hours would help ensure that local agency employees and

* See glossary at end of report for definition.

volunteers receive relevant and sufficient in-service training.

AASA informed us that it had not recently issued updated policy guidance to AASA and local agency staff related to the monitoring and provision of local agency in-service training for care managers, case coordinators, and nutrition program employees and volunteers.

RECOMMENDATION

We recommend that AASA improve its monitoring of and policy for in-service training of local agency employees and volunteers.

AGENCY PRELIMINARY RESPONSE

AASA provided us with the following response:

AASA agrees with the recommendation.

AASA plans to issue updated policy guidance related to local agency in-service training provision, documentation and monitoring to AASA staff and local agencies as follows:

- a. *AASA is currently initiating a review of in-service training requirements and related policies to better target and document in-service training to meet AASA requirements. AASA plans to clarify in-service training requirements for volunteers to respect the more episodic or shorter nature of some volunteer's tenure.*

AASA plans to collaborate with the local agencies to discuss and implement improvements for training documentation. AASA has initiated a discussion with the local agencies that administer the volunteer and nutrition programs. The local agency documented the volunteer and nutrition program orientation and in-service training process and materials, but AASA agrees improvements are needed with documentation of participation records.

- b. *AASA plans to issue additional policy guidance to AASA field representatives to clarify which local agency employee groups and volunteers should be subject to review of in-service training requirements.*
- c. *AASA is currently initiating a review of in-service training requirements and related policies to update these requirements. The expected outcome of this review is that AASA will issue updated policy guidance to local agencies that includes:*
 - *A minimum number of in-service training hours annually. This would provide more specific guidance than the current requirement of "two in-service trainings" annually.*

- *Minimum annual in-service training hour requirements for the following trainee groups:*
 - *local agency employees (including direct nutrition program staff)*
 - *Agency/Program Volunteers*
- *Suggested training topics to local agencies to ensure that training topics better support program and service goals and agency operations.*

EFFORTS IN EVALUATING PERFORMANCE

BACKGROUND

AASA relies on the activities of the 16 local agencies to provide needed services to older adults in accordance with the federal Older Americans Act of 1965 and the Older Michiganians Act of 1981. The federal Older Americans Act requires that AASA be primarily responsible for the evaluation of all State activities related to the Act. In addition, the Older Michiganians Act requires AASA to supervise, monitor, assess, and evaluate all local agencies in meeting specified objectives.

AASA is responsible for monitoring the activities of each local agency and evaluating local agency program outcomes* to help ensure that the local agencies' operations are effectively helping AASA meet its mission of providing Statewide leadership, direction, and resources to support the State's aging, adult services, and disability networks, with the aim of helping residents live with dignity and purpose.

AUDIT OBJECTIVE

To assess the effectiveness of AASA's efforts in evaluating its performance.

CONCLUSION

Effective.

FACTORS IMPACTING CONCLUSION

- AASA established State Plan goals, developed desired outcomes and performance metrics, and consistently evaluated its progress in meeting the established goals.
- AASA consistently shared its progress in meeting the established State Plan goals and performance metrics with the State Commission on Services to the Aging.
- AASA routinely compiled and analyzed National Aging Program Information System (NAPIS) performance data related to in-home, nutrition, caregiver, and community services provided Statewide by the local agencies.
- AASA evaluated the local agencies' progress and accomplishment in meeting specified service level goals.

* See glossary at end of report for definition.

SECURITY AND ACCESS CONTROLS OVER AIS

BACKGROUND

Aging Information System (AIS) was implemented in 2002 and enables AASA to meet federal and State program reporting requirements and fulfill program management and data analysis needs. AIS consists of Internet-based data collection and reporting software applications and administrative software applications, a public Web site, and a secure extranet site. AIS software applications collect and maintain program, service, and client data.

The Department of Technology, Management, and Budget (DTMB) technical standards are applicable to all State of Michigan (SOM) networks, systems, computers, data, databases, and applications and supersede all security* standards that may be in conflict with them. Security and access controls* limit and detect inappropriate access, which is important to ensure the availability, confidentiality, and integrity* of data.

Both the Michigan Department of Health and Human Services (MDHHS) and DTMB have responsibilities for implementing effective security and access controls within AIS.

MDHHS responsibilities include:

- Developing and maintaining an AIS security plan.
- Determining who will have access to AIS and their privileges and access rights.
- Assisting DTMB in identifying, implementing, and assessing the common security controls.
- Gathering data, entering data into AIS, verifying its accuracy, specifying why it can or will be used, and designating who can use it.

DTMB responsibilities include:

- Ensuring that a formal process is established to manage user access to the SOM network and IT resources.
- Ensuring that agency required security controls and safeguards are implemented and monitored for compliance.
- Maintaining information systems security and maintenance.

* See glossary at end of report for definition.

- Developing and maintaining information security policies, standards, procedures, and control techniques to address security planning.
- Managing identification, implementation, and assessment of common security controls.

As of August 30, 2018, AIS had 1,072 active user accounts. Of these 1,072 active user accounts, 61 and 291 were for SOM and local agency users, respectively. Since 2010, MDHHS and DTMB have contracted with a third party to provide AIS hosting and support services* and required deliverables*.

AUDIT OBJECTIVE

To assess the effectiveness of selected MDHHS and DTMB security and access controls over AIS.

CONCLUSION

Moderately effective.

FACTORS IMPACTING CONCLUSION

- Annual assessments of select security risks were conducted by AIS's third-party contracted database administrator (DBA).
- AIS contained limited confidential and/or sensitive information and was not used for payment transaction processing. In addition, there were no identified instances of inappropriate user access to AIS data.
- Reportable conditions related to needed improvement in monitoring AIS security controls and access controls over AIS (Findings #5 and #6).

* See glossary at end of report for definition.

FINDING #5

Improved monitoring of AIS security controls needed.

MDHHS, in conjunction with DTMB, needs to improve the monitoring of AIS security controls to ensure that a security plan is developed and the required levels of risk assessments* are completed. Without a security plan and appropriate risk assessments, there is an increased risk that MDHHS and DTMB may not identify and appropriately address vulnerabilities and threats that could impact AIS security.

The OAG used the following criteria:

- DTMB technical standards require MDHHS, as the information system owner*, to develop the AIS security plan and conduct annual risk assessments of minimum security controls established in the security plan.
- DTMB Administrative Guide policy 1340.00 requires that:
 - State agencies implement the National Institute of Standards and Technology* (NIST) Special Publication 800-53 Revision 4 moderate controls as the minimum security controls for SOM information systems.
 - DTMB coordinate and facilitate with State agencies the completion of system security plans* and risk assessments.

MDHHS and DTMB contracted with a third party to provide AIS hosting, support services, and specified deliverables. The contract specified that the contractor was responsible for establishing and maintaining an AIS security plan that complied with NIST Special Publication 800-53 Revision 4 moderate controls and conducting periodic AIS security and system vulnerability testing. MDHHS and DTMB informed us that the contractor had provided annual AIS security and vulnerability assessment reports, which contributed toward meeting AIS security plan and risk assessment requirements.

We reviewed the contractor's fiscal years 2016 and 2017 AIS security and vulnerability assessment reports and determined that the contractor had analyzed AIS hardware and software inventories and select security settings as a part of the assessments; however, the contractor had not fully evaluated the required NIST security controls to ensure that the specified minimum level of security for AIS had been met.

Both MDHHS and DTMB monitored the contractor for compliance with contract requirements; however, neither detected the shortcomings related to the lack of a formalized AIS security plan and the performance of the required level of risk assessments. MDHHS and DTMB also informed us that neither department had developed an independent AIS security plan or risk assessment.

* See glossary at end of report for definition.

RECOMMENDATION

We recommend that MDHHS, in conjunction with DTMB, improve the monitoring of AIS security controls to ensure that a security plan is developed and the required levels of risk assessments are completed.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS, in conjunction with DTMB, agrees with the recommendation.

MDHHS and DTMB will ensure compliance with State security policy and standards. A risk assessment will be conducted to identify deficiencies and develop remediation plans. This will allow MDHHS and DTMB to conduct an assessment, determine any remediation necessary, and classify the severity of any deficiency identified to determine the remediation action which must be completed.

The MDHHS and DTMB process above would complement the current AIS audit process. This process includes an annual, comprehensive security audit of AIS. This security audit includes a detailed review of:

- *Hardware and software inventory*
- *Reviewing and analyzing security settings on servers*
- *Email configuration review*
- *Web server security assessment*
- *.NET/SQL database server configuration review*

Based upon the annual security audit, the AIS contractor provides AASA and DTMB with the detailed reports on the testing above and recommendations based on this testing.

FINDING #6

Improvement in AIS user access controls needed.

MDHHS, in conjunction with DTMB, needs to improve access controls over AIS to help ensure that system access rights are appropriately and timely removed and/or disabled and periodically reviewed. Improving access controls would increase MDHHS's and DTMB's assurance that only authorized individuals can access and edit AIS data and active users' access rights remain appropriate for the user's job responsibilities.

DTMB technical standards are applicable to all SOM networks, systems, computers, data, databases, and applications and supersede all security standards that may be in conflict with them. These standards require that system access is removed within 24 hours when a user is terminated or transferred, inactive user accounts are disabled after 60 days, and user accounts are reviewed for compliance with account management requirements every 120 days.

Our review of selected AIS access controls for SOM and local agency users disclosed:

- a. Access for departed users was not always removed within 24 hours.

We identified 274 AIS users that were terminated or that transferred between October 23, 2002 and August 15, 2018 and noted that 91 (33%) had an active AIS account as of August 30, 2018. In addition, we could not verify whether AASA and/or DTMB had removed AIS access for the remaining 183 (67%) users within 24 hours of the user's departure because AIS did not record the date when a user's access was removed.

- b. Inactive AIS user accounts were not consistently disabled after 60 days.

AIS was programmed to automatically disable inactive user accounts after a period of 118 days rather than after 60 days. During the audit period, 116 inactive user accounts were not disabled until after 118 days of inactivity.

- c. AIS user access rights were not periodically reviewed for appropriateness.

AASA informed us that it had not performed a comprehensive review of AIS user access rights. We reviewed user access authorization forms for 40 AIS users and determined that 22 (55%) had access rights assigned that were in excess of the most recent rights authorized and approved for the users. AASA was also unable to locate and provide user authorization forms for 3 (8%) AIS users.

RECOMMENDATION

We recommend that MDHHS, in conjunction with DTMB, improve access controls over AIS to help ensure that system access rights are appropriately and timely removed and/or disabled and periodically reviewed.

AGENCY PRELIMINARY RESPONSE

MDHHS provided us with the following response:

MDHHS, in conjunction with DTMB, agrees with the recommendation.

AASA will address the finding as follows:

- a. *AASA will issue guidance that requires current AIS users and agencies to provide AASA immediate notification of the departure or transfer of any AIS user at an agency. This will be issued by October 31, 2019, to coincide with the availability of the online user access removal form.*

AASA will develop an online form for submitting a request to remove access for any terminated or transferred AIS user by the agency under which the employee was granted user rights. This functionality has been developed and will be required by October 31, 2019, to coincide with the issuance of the policy reminder and instructions.

AASA initiated work in September 2018 to add "deactivation date" to the user access software/database so that the date of account deactivation can be retrieved. This functionality has been added/completed.

During the audit period, AASA did have a process in place to disable all inactive AIS user account passwords after 118 days. A user account may not be deactivated, but the password disabling process after 118 days does not allow the user to access AIS. AASA reviewed the 91 AIS users noted above and determined that 90 (99%) had disabled passwords thereby blocking AIS access. The user password has been disabled for the remaining user.

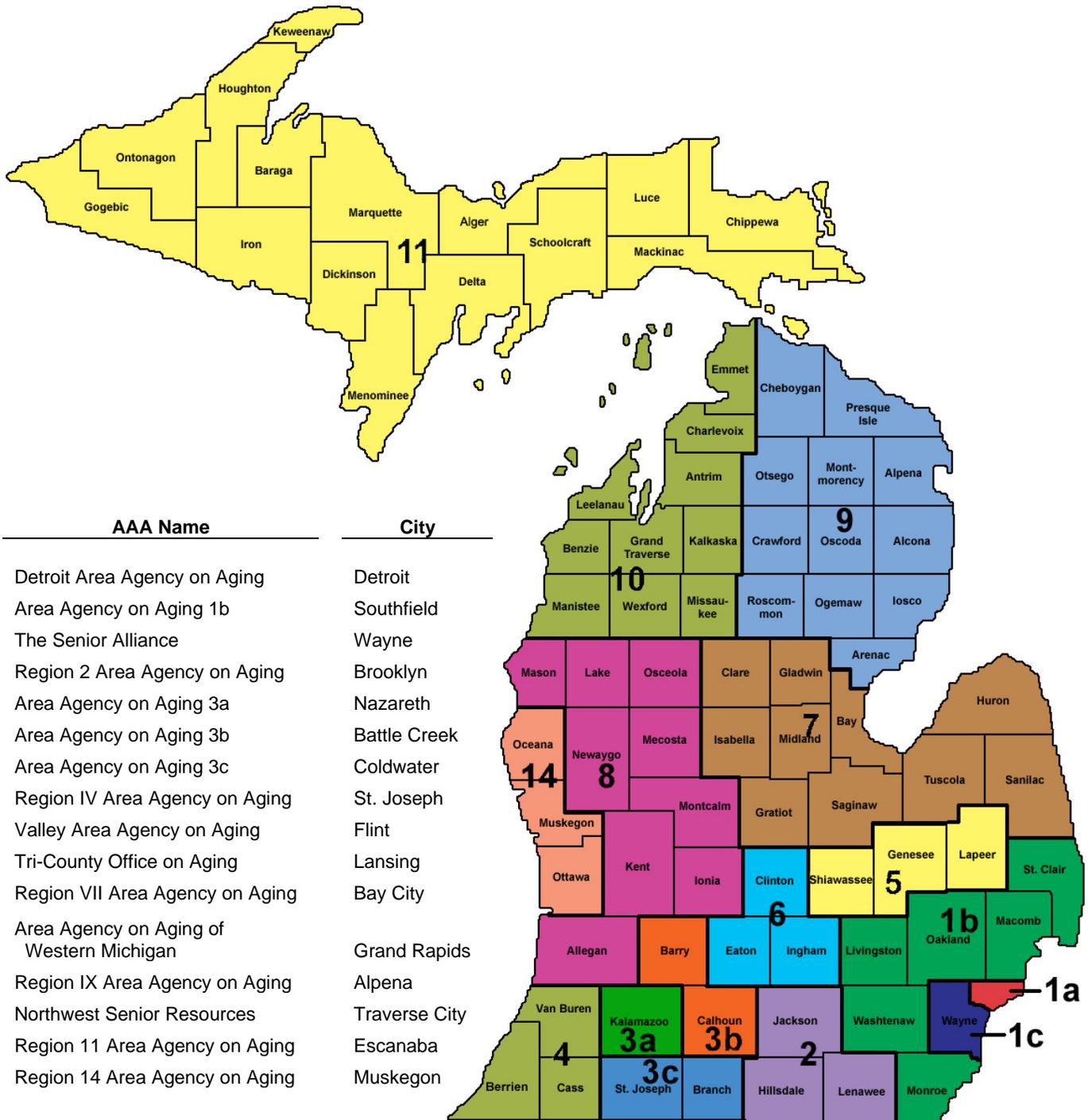
- b. *AASA will change the timing of the auto-disabling of inactive user accounts from 118 days to 60 days. AASA will continue to require password updates every 120 days for active accounts. AASA will notify all users of this new requirement.*
- c. *AASA will issue enhanced requirements for a review of user accounts for compliance with account management requirements every 120 days. AASA will provide user agencies a list of active AIS users requiring verification. AASA will then require the user agencies to verify its active users and the appropriateness of each user's application access rights. Implementation of the module/report and conduct verification is scheduled by October 31, 2019.*

SUPPLEMENTAL INFORMATION

UNAUDITED
Exhibit #1

AGING AND ADULT SERVICES AGENCY (AASA) Michigan Department of Health and Human Services

Michigan's Aging Network - Planning and Service Areas

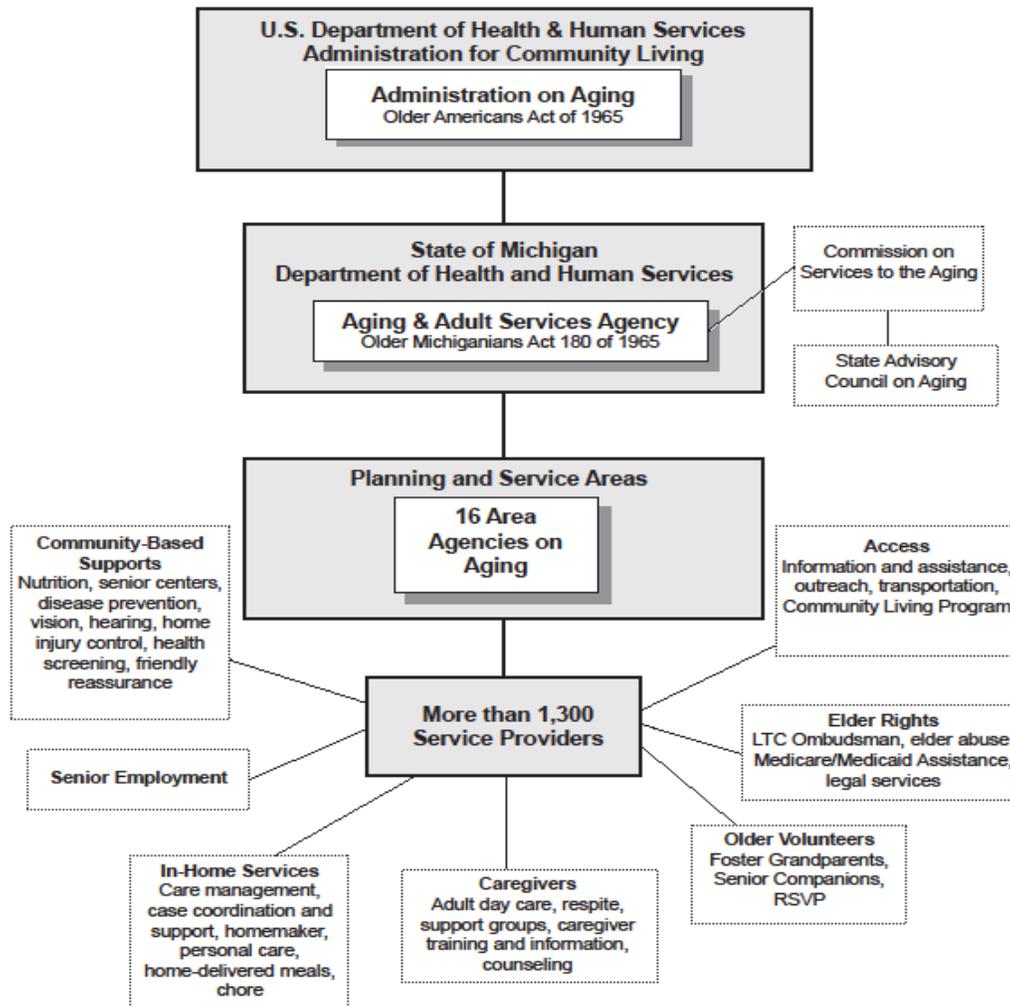


Source: This map was provided by AASA.

AGING AND ADULT SERVICES AGENCY (AASA)
Michigan Department of Health and Human Services

Michigan's Aging Network Flow Chart

Michigan's Aging Network

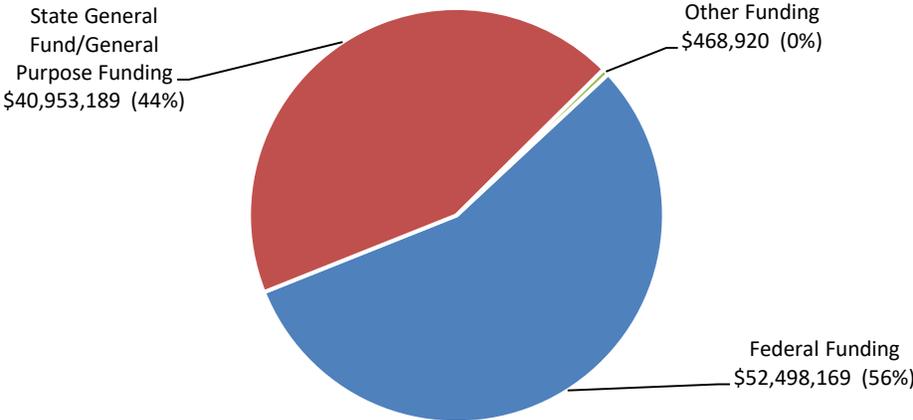


Source: This flow chart was provided by AASA.

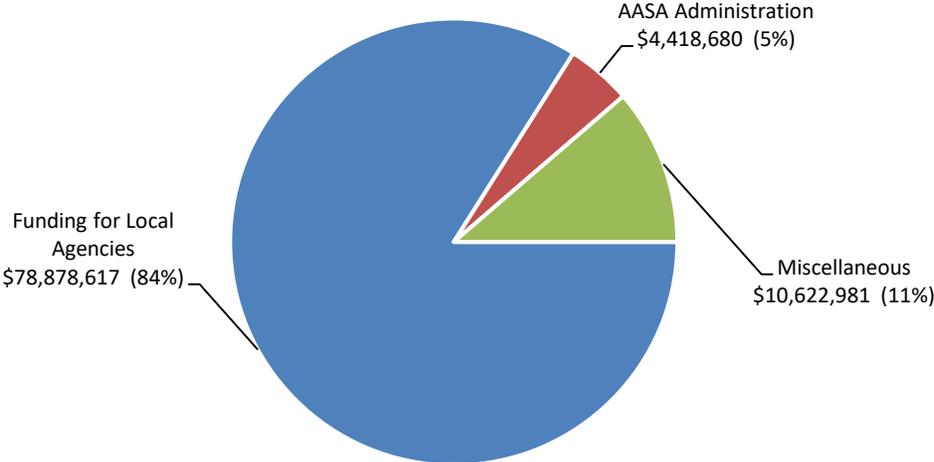
AGING AND ADULT SERVICES AGENCY (AASA)
Michigan Department of Health and Human Services

AASA Funding Sources and Expenditure Breakdown
Fiscal Year 2017

AASA Funding Sources
\$93,920,278



AASA Expenditure Breakdown
\$93,920,278



Source: The OAG prepared this exhibit based on information obtained from the Michigan Administrative Information Network* (MAIN) and AASA.

*See glossary at end of report for definition.

AGING AND ADULT SERVICES AGENCY (AASA)
Michigan Department of Health and Human Services

AASA Funding to Local Agencies
Fiscal Year 2017

	<u>2017</u>
Area Agency on Aging 1b	\$ 17,938,605
Detroit Area Agency on Aging (1a)	8,072,486
The Senior Alliance (1c)	6,807,748
Area Agency on Aging of Western Michigan (8)	7,213,337
Region VII Area Agency on Aging (7)	6,712,970
Region 11 Area Agency on Aging (11)	4,749,354
Valley Area Agency on Aging (5)	4,511,913
Region IX Area Agency on Aging (9)	3,765,654
Northwest Senior Resources (10)	3,326,319
Region 14 Area Agency on Aging (14)	3,031,521
Tri-County Office on Aging (6)	3,000,269
Region 2 Area Agency on Aging (2)	2,706,915
Region IV Area Agency on Aging (4)	2,678,567
Area Agency on Aging 3a	1,740,085
Area Agency on Aging 3b	1,593,080
Area Agency on Aging 3c	1,029,794
	<u>\$ 78,878,617</u>

Source: The OAG prepared this exhibit based on information obtained from MAIN and AASA.

AGENCY DESCRIPTION

Michigan's AASA, within MDHHS, is the designated State unit on aging. AASA is responsible for the coordination of all State activities related to the Older Americans Act of 1965, as amended, and the Older Michiganians Act of 1981, as amended. The Michigan Commission on Services to the Aging is granted authority for expenditure of funds related to these laws. AASA's mission is to provide Statewide leadership, direction, and resources to support Michigan's aging, adult services, and disability networks with the aim of helping residents live with dignity and purpose.

AASA provides funding and oversight of services to Michigan's older adults delivered through 16 local agencies (see Exhibit #1) and is the centerpiece of Michigan's Statewide aging network (see Exhibit #2). AASA provides funding to the 16 local agencies throughout the State to provide a variety of services.

Funding for AASA for fiscal year 2017 totaled \$93.9 million (see Exhibit #3). During this same period, AASA provided the 16 local agencies with \$78.9 million (see Exhibit #4).

AUDIT SCOPE, METHODOLOGY, AND OTHER INFORMATION

AUDIT SCOPE

To examine the program and other records of AASA. We conducted this performance audit* in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the 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 a reasonable basis for our findings and conclusions based on our audit objectives.

PERIOD

Our audit procedures, which included a preliminary survey, audit fieldwork, report preparation, analysis of agency responses, and quality assurance, generally covered October 1, 2015 through June 30, 2018, except for our review of:

- Local agency MYPs from October 1, 2016 through September 30, 2019.
- AIS departed users from October 23, 2002 through August 30, 2018.

METHODOLOGY

We conducted a preliminary survey of AASA's activities. During our preliminary survey, we:

- Conducted interviews with various AASA staff and obtained an understanding of AASA's operations.
- Reviewed applicable laws, policies, procedures, manuals, and guidelines.
- Examined select AASA annual reports and State Plans on Aging.
- Identified and assessed AASA's key business processes and controls.
- Performed preliminary testing of AASA's records related to local agency subcontracted service provider assessments, AIPs, MYPs, and employee in-service training.
- Interviewed AASA's management and conducted a walk-through to gain a high-level understanding of AIS.

* See glossary at end of report for definition.

OBJECTIVE #1

To assess the effectiveness of AASA's efforts to monitor agencies that provided select services to older adults in Michigan.

To accomplish this objective, we:

- Interviewed AASA and local agency management and staff to obtain information regarding AASA's processes and procedures to monitor local agencies and their subcontracted service providers.
- Reviewed AASA's operating standards for local agencies and service programs.
- Obtained and analyzed completed local agency fiscal years 2017 through 2019 MYPs, fiscal year 2016 AIPs, and fiscal year 2017 compliance and program outcome assessment guides for all 16 local agencies.
- Obtained and reviewed AASA field representatives' completed fiscal year 2016 and 2017 local agency subcontractor program and fiscal assessment observations and assessor checklists for all 16 local agencies.
- Judgmentally selected a sample of four local agencies and conducted an on-site examination of records at each local agency and the following audit procedures:
 - Analyzed AASA field representatives' fiscal years 2016 and 2017 on-site monitoring activities for each local agency related to:
 - 40 employee training records.
 - 41 client case files.
 - 60 employee and volunteer background check documents.
 - 24 board member conflict of interest statements.
 - Reviewed 2,056 local agency employee and volunteer training records for fiscal years 2016 and 2017 to determine compliance with AASA operating standards and policies. We reviewed all applicable employee and volunteer training records for 3 local agencies and judgmentally and randomly selected 10 of 26 applicable employees for 1 local agency.

- Examined criminal background check documents to determine compliance with AASA operating standards and policies. As part of our review, we:
 - Evaluated the documentation for 382 local agency employee and volunteer criminal background checks conducted for fiscal year 2017.
 - Conducted an independent criminal records background check for 2,461 employees and volunteers who were active during our audit period.
- Randomly and judgmentally sampled and reviewed 173 of the 462 local agency subcontracted service provider assessment files for fiscal years 2016 and 2017 to determine compliance with AASA operating standards.
- Randomly sampled and examined 18 of 112 subcontracted service providers for fiscal year 2017 to determine compliance with AASA operating standards related to RFP and contract requirements.
- Inspected 82 judgmentally and randomly selected client care management case records to determine compliance with AASA operating standards. We inspected all 44 case records reviewed by AASA field representatives during the fiscal years 2016 and 2017 annual on-site local agency assessment and randomly selected an additional 38 of the 1,644 remaining case records for fiscal years 2016 and 2017.
- Reviewed all applicable monthly board of directors meeting minutes to determine compliance with AASA operating standards documentation requirements.
- Reviewed all applicable policy board and advisory council meeting minutes to determine compliance with AASA operating standards requirements.
- Randomly sampled and reviewed 58 of 355 local agency employee and all 128 local agency board of director conflict of interest statements for fiscal years 2016 and 2017 to determine compliance with AASA operating standards requirements.

Our random samples were selected to eliminate any bias and enable us to project the results to the population. We selected other samples judgmentally and, therefore, could not project those results to the respective populations.

OBJECTIVE #2

To assess the effectiveness of AASA's efforts in evaluating its performance.

To accomplish this objective, we:

- Interviewed AASA management to obtain an understanding of the agency's process for evaluating its performance.
- Examined Commission on Services to the Aging meeting minutes between March 2017 and June 2018 and verified that discussions regarding AASA's progress in meeting State Plan goals and performance metrics had occurred.
- Reviewed AASA's fiscal years 2014 through 2016 Michigan State Plan on Aging report and fiscal year 2016 State Plan Goals, Issue Areas, and Objectives Status report to verify that AASA had established State Plan goals, developed desired outcome and performance measures*, and regularly evaluated its progress.
- Reviewed AASA's fiscal year 2016 NAPIS report to the federal Administration for Community Living to verify that AASA routinely compiled and analyzed performance data related to in-home, nutrition, caregiver, and community services.
- Judgmentally sampled and examined 17 of 85 outcome and performance measures included in AASA's fiscal year 2016 AASA Michigan State Plan on Aging status report.
- Inspected AASA's fiscal years 2016 and 2017 local agency service level reviews for 4 judgmentally selected local agencies and verified that AASA evaluated the local agencies' progress and accomplishment of the service level goals.

OBJECTIVE #3

To assess the effectiveness of selected MDHHS and DTMB security and access controls over AIS.

To accomplish this objective, we:

- Interviewed AASA management and DTMB personnel to obtain an understanding of the agencies' processes for assessing the effectiveness of select AIS security and access controls.
- Reviewed Federal Information System Controls Audit Manual* (FISCAM), NIST Special Publication 800-53,

* See glossary at end of report for definition.

and DTMB policies and procedures to obtain an understanding of applicable information system control standards.

- Reviewed the AIS third-party contract to obtain an understanding of selected contractual requirements.
- Reviewed the third-party contractor's AIS security risks and vulnerability assessments for 2016 and 2017 to determine whether the assessments sufficiently complied with applicable DTMB IT standards.
- Obtained a list of active AIS users as of August 30, 2018 and determined whether MDHHS timely deactivated and/or disabled AIS user accounts for terminated local agency and SOM employees and inactive users.

CONCLUSIONS

We base our conclusions on our audit efforts and any resulting material conditions or reportable conditions.

When selecting activities or programs for audit, we direct our efforts based on risk and opportunities to improve State government operations. Consequently, we prepare our performance audit reports on an exception basis.

AGENCY RESPONSES

Our audit report contains 6 findings and 6 corresponding recommendations. AASA's preliminary response indicates that it agrees with 5 of the recommendations and partially agrees with 1 recommendation.

The agency preliminary response that follows each recommendation in our report was taken from the agencies' written comments and oral discussion at the end of our fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require an audited agency to develop a plan to comply with the recommendations and to submit it to the State Budget Office upon completion of an audit. Within 30 days of receipt, the Office of Internal Audit Services, State Budget Office, is required to review the plan and either accept the plan as final or contact the agency to take additional steps to finalize the plan.

PRIOR AUDIT FOLLOW-UP

Following is the status of the reported findings from our June 2012 performance audit of the Office of Services to the Aging's Community Services Division and State Long Term Care Ombudsman, Department of Community Health (391-0645-10):

Prior Audit Finding Number	Topic Area	Current Status	Current Finding Number
1	Monitoring of AAA Subcontractors	Rewritten*	1
2	Monitoring of AAA Criminal History Background Check Procedures	Rewritten	3
3	Monitoring of AAA Multi-Year Plans (MYPs), Annual Implementation Plans (AIPs), and Compliance and Program Outcome Assessments	Complied	Not applicable
4	Monitoring of In-Service Training	Rewritten	4
5	Monitoring of Local Long Term Care Ombudsman Activity	Not in scope of this audit.	

SUPPLEMENTAL INFORMATION

Our audit report includes supplemental information presented as Exhibits #1 through #4. Our audit was not directed toward expressing a conclusion on this information.

* See glossary at end of report for definition.

GLOSSARY OF ABBREVIATIONS AND TERMS

AAA	area agency on aging. For purposes of this report, synonymous with local agency (see definition).
access controls	Controls that protect data from unauthorized modification, loss, or disclosure by restricting access and detecting inappropriate access attempts.
Aging and Adult Services Agency (AASA)	The State agency responsible for administering aging programs funded by the federal Older Americans Act of 1965 and the Older Michiganians Act of 1981 (see Act definitions).
AIS	Aging Information System.
annual implementation plan (AIP)	A plan prepared annually by a local agency that describes all activities undertaken for the development or enhancement of coordinated and comprehensive delivery systems to older persons in the planning and service delivery area.
auditor's comments to agency preliminary response	Comments that the OAG includes in an audit report to comply with <i>Government Auditing Standards</i> . Auditors are required to evaluate the validity of the audited entity's response when it is inconsistent or in conflict with the findings, conclusions, or recommendations. If the auditors disagree with the response, they should explain in the report their reasons for disagreement.
care manager	Individual whose functions include supportive services eligibility determination, assessment, care plan development, support, coordination, reassessment, and on-going monitoring of older adults that require nursing facility level of care due to the presence of functional limitations.
case coordinator	Individual whose functions include the assessment and reassessment of older adult needs, development and monitoring of a service plan, identification of and communication with appropriate community agencies to arrange for services, evaluation of the effectiveness and benefit of services provided, and assignment of a single individual as the caseworker for each client.
Commission on Services to the Aging	A 15-member commission appointed by the Governor, by and with the advice and consent of the Senate, to act as an effective and visible advocate for aging and older persons in all government decisions.

DBA	database administrator.
deliverables	All software and other reports, documents, work products and other materials that the contractor is required to or otherwise does provide to the State.
DTMB	Department of Technology, Management, and Budget.
effectiveness	Success in achieving mission and goals.
exploitation	The fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, that uses the resources of an older individual for monetary or personal benefit, profit, or gain or that results in depriving an older individual of rightful access to, or use of, benefits, resources, belongings, or assets.
Federal Information System Controls Audit Manual (FISCAM)	A methodology published by the U.S. Government Accountability Office (GAO) for performing information system control audits of federal and other governmental entities in accordance with <i>Government Auditing Standards</i> .
goal	An intended outcome of a program or an entity to accomplish its mission.
hosting and support services	Infrastructure services, hosting, backup, disaster recovery, security, support services, and other related services that the contractor is required to or otherwise does provide under the contract.
information system owner	Official responsible for the overall procurement, development, integration, modification, or operation and maintenance of an information system.
integrity	Accuracy, completeness, and timeliness of data in an information system.
IT	information technology.
local agency	An agency designated by the Commission on Services to the Aging (see definition) as being responsible for assessing the needs of the aging within a single planning and service area and for implementing programs to address those needs. For purposes of this report, synonymous with AAA (see abbreviation).

material condition	A matter that, in the auditor's judgment, is more severe than a reportable condition and could impair the ability of management to operate a program in an effective and efficient manner and/or could adversely affect the judgment of an interested person concerning the effectiveness and efficiency of the program. Our assessment of materiality is in relation to the respective audit objective.
MDHHS	Michigan Department of Health and Human Services.
Michigan Administrative Information Network (MAIN)	The State's automated administrative management system that supported accounting, purchasing, and other financial management activities through fiscal year 2017.
mission	The main purpose of a program or an entity or the reason that the program or the entity was established.
multi-year plan (MYP)	A plan prepared every third year by a local service provider that provides for the development of a comprehensive and coordinated service delivery system for supportive social services.
NAPIS	National Aging Program Information System.
National Institute of Standards and Technology (NIST)	An agency of the Technology Administration, U.S. Department of Commerce. NIST's Computer Security Division develops standards, security metrics, and minimum security requirements for federal programs.
OAG	Office of the Auditor General.
objective	Specific outcome(s) that a program or an entity seeks to achieve its goals.
older adult	A State resident who is 60 years of age or older and the spouse of the older person, regardless of age.
Older Americans Act of 1965	Federal law that provides grants to the states for community planning and service programs for the aging.
Older Michiganians Act of 1981	Public Act 180 of 1981, which created the Commission on Services to the Aging, Aging and Adult Services Agency, and area agencies on aging.

outcome	An actual impact of a program or an entity.
performance audit	An audit that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria. Performance audits provide objective analysis to assist management and those charged with governance and oversight in using the information to improve program performance and operations, reduce costs, facilitate decision-making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability.
performance measure	A composite of key indicators of a program's or activity's inputs, outputs, outcomes, productivity, timeliness, and/or quality. Performance measures are a means of evaluating policies and programs by measuring results against agreed upon program goals or standards.
POS	purchase-of-service.
reportable condition	A matter that, in the auditor's judgment, is less severe than a material condition and falls within any of the following categories: an opportunity for improvement within the context of the audit objectives; a deficiency in internal control that is significant within the context of the audit objectives; all instances of fraud; illegal acts unless they are inconsequential within the context of the audit objectives; significant violations of provisions of contracts or grant agreements; and significant abuse that has occurred or is likely to have occurred.
rewritten	The recurrence of similar conditions reported in a prior audit in combination with current conditions that warrant the prior audit recommendation to be revised for the circumstances.
RFP	request for proposal.
risk assessment	Provides an objective analysis of the system specific and common controls identified in the system security plan (see below) and determines if controls were implemented and meeting the identified security requirements.
security	Safeguarding an entity's data from unauthorized access or modification to ensure its availability, confidentiality, and integrity.
SOM	State of Michigan.

subcontracted service providers

Not-for-profit agencies, government agencies, and for-profit businesses that contract with the local agencies to identify seniors in need of services and to provide services to help seniors remain as independent as possible.

system security plan

Overview of the information system and security requirements. Also describes the controls in place or planned to be in place required to provide the appropriate level of security.



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