



Joint Legislative Audit Committee
OFFICE OF THE AUDITOR GENERAL
California Legislature



CHAIRMAN
RICHARD ROBINSON
SANTA ANA

RICHARD ROBINSON
CHAIRMAN

VICE CHAIRMAN
ALBERT RODDA
SACRAMENTO

ASSEMBLYMEN
DANIEL BOATWRIGHT
CONCORD

SENATORS
PAUL CARPENTER
CYPRESS

EUGENE A. CHAPPIE
ROSEVILLE

GEORGE DEUKMEJIAN
LONG BEACH

MIKE CULLEN
LONG BEACH

NATE HOLDEN
LOS ANGELES

December 21, 1978

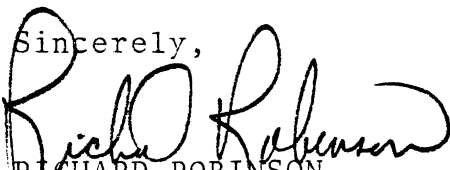
Letter Report 827.3

Honorable Lawrence Kapiloff, Chairman
Assembly Special Subcommittee on Aging
1116 Ninth Street, Room 58
Sacramento, California 95814

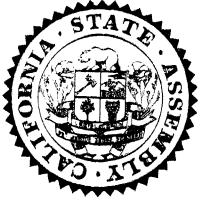
Dear Assemblyman Kapiloff:

The Joint Legislative Audit Committee respectfully submits the Auditor General's letter report on the California Department of Aging's expenditure of Older American Act monies.

The auditors are Harold L. Turner, Audit Manager; Robert E. Christophel; Eileen Kraskouskas; and Jacques M. Barber.

Sincerely,

RICHARD ROBINSON
Assemblyman, 72nd District
Chairman, Joint Legislative
Audit Committee

cc: The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California



Joint Legislative Audit Committee

OFFICE OF THE AUDITOR GENERAL

California Legislature



CHAIRMAN
RICHARD ROBINSON
GARDEN GROVE

ASSEMBLYMEN
DANIEL BOATWRIGHT
CONCORD

EUGENE A. CHAPPIE
ROSEVILLE

MIKE CULLEN
LONG BEACH

JOHN H. WILLIAMS
AUDITOR GENERAL

VICE CHAIRMAN
ALBERT RODDA
SACRAMENTO

SENATORS
PAUL CARPENTER
CYPRESS

GEORGE DEUKMEJIAN
LONG BEACH

NATE HOLDEN
LOS ANGELES

December 20, 1978

Letter Report 827.3

Honorable Richard Robinson
Chairman, and Members of the
Joint Legislative Audit Committee
State Capitol, Room 4158
Sacramento, California 95814

Dear Mr. Chairman and Members:

In response to a resolution of the Joint Legislative Audit Committee, we have reviewed the California Department of Aging's (CDA) expenditure of monies made available since 1974 under Title III (coordinated services) and Title VII (nutrition projects) of the Older Americans Act. This review was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

Our previous letter reports 827.1 and 827.2* showed total cumulative unexpended balances for Title III and Title VII programs for the periods ending March 31, 1978 and June 30, 1978 respectively. This report provides an update on these funds for the period ending September 30, 1978, which coincides with the end of the federal fiscal year.

We conducted interviews and analyzed records pertaining to the expenditure of Title III and Title VII grants awarded to California since 1974. The information presented in this report was extracted from department records which we did not audit. Department records indicate that since 1974 the State has been awarded a total of \$118.7 million in federal grants under Title III and Title VII programs. As of September 30, 1978, total cumulative unexpended funds were approximately \$19.9 million, or 17 percent of total grant awards. Table 1, page 4, presents an analysis of unexpended funds by grant year through September 30, 1978.

* Auditor General. California Department of Aging's Expenditure of Older Americans Act Monies, April 18, 1978; California Department of Aging's Expenditure of Older Americans Act Monies, August 28, 1978.

Honorable Richard Robinson
Chairman, and Members of the
Joint Legislative Audit Committee
December 20, 1978
Page 2

Background

The California Department of Aging is the single state agency responsible for administering Older Americans Act funds.* Monies drawn by the California Department of Aging are disbursed to the various community services and nutrition projects based upon their actual expenditures incurred to date and projected expenditures for the ensuing month.

The purpose of Title III of the Older Americans Act is to develop comprehensive and coordinated service systems for older persons. These service systems include transportation, information and referral counseling, shopping assistance and outreach, recreation and education programs. Area Agencies on Aging (AAA) are responsible for planning and coordinating the services and resources within the designated communities they serve. As of September 30, 1978, there were 69 Title III projects.

The purpose of Title VII of the Older Americans Act is to provide low-cost nutritionally sound meals and attendant services for needy senior citizens. Meals are served primarily at congregate dining locations but some may be home-delivered. As of September 30, 1978, there were 231 nutrition projects** in California serving hot meals to an average of approximately 53,000 senior citizens per day.

Status of Older Americans Act Monies as of September 30, 1978

Since 1974, the State of California has been awarded a total of \$118.7 million in federal grants from Title III and Title VII of the Older Americans Act. Table I shows that as of September 30, 1978, total expenditures of Title III and Title VII programs

* Presently, Congress is revising the Older Americans Act to include such changes as the consolidation of Titles III, VII and V (multi-purpose community senior centers) and IX.

** Eighty-one of these projects are funded directly by CDA. One hundred fifty projects are grantees and subgrantees under AAAs.

Honorable Richard Robinson
Chairman, and Members of the
Joint Legislative Audit Committee
December 20, 1978
Page 3

were \$98.8 million.* As of September 30, 1978, total cumulative unexpended funds for these two programs were \$19.9 million. Table II shows that the total cumulative unexpended balance for Title III as of September 30, 1978 was \$9.1 million. Table III shows that the total cumulative unexpended balance for Title VII as of September 30, 1978 was \$10.8 million.

* CDA expenditures represent funds advanced to the various community projects and are not necessarily an indication that they have been spent by the projects.

TABLE I
 SUMMARY OF CALIFORNIA DEPARTMENT OF AGING EXPENDITURES^{1/}
 TITLE III AND TITLE VII GRANT AWARDS 1974 THROUGH 1978
 STATUS AS OF SEPTEMBER 30, 1978
 (UNAUDITED)

	<u>1974^{2/}</u>	<u>1975</u>	<u>1976^{3/}</u>	<u>1977</u>	<u>1978</u>	<u>Total</u>
GRANT AWARD	<u>\$13,235,208</u>	<u>\$17,446,774</u>	<u>\$24,216,336</u>	<u>\$28,350,636</u>	<u>\$35,462,087</u>	<u>\$118,711,041</u>
EXPENDITURES ^{1/}						
1974 ^{2/}	\$ 79,710					\$ 79,710
1975	6,251,538	\$ 188,857				6,440,395
1976 ^{3/}	6,209,238	14,316,282	\$ 3,381,970			23,907,490
1977	629,509	2,741,526	17,576,137	\$ 6,015,990		26,963,162
1978	<u>(64,529)^{4/}</u>	<u>129,520</u>	<u>2,387,557</u>	<u>21,215,057</u>	<u>\$17,703,960</u>	<u>41,436,094</u>
Total	<u>\$13,105,466</u>	<u>\$17,376,185</u>	<u>\$23,345,664</u>	<u>\$27,231,047</u>	<u>\$17,703,960</u>	<u>\$ 98,762,322</u>
Unexpended Funds Sept 30, 1978	<u>\$ 129,742</u>	<u>\$ 70,589</u>	<u>\$ 870,672</u>	<u>\$ 1,119,589</u>	<u>\$17,758,127</u>	<u>\$ 19,948,719^{5/}</u>

^{1/} Expenditures represent funds advanced to community projects.
^{2/} Schedule does not show expenditures from grant awards received in preceding years.
^{3/} The Federal Government converted to a fiscal year ending September 30. The 1976 period includes the federal transition quarter July 1, 1976 through September 30, 1976.
^{4/} Abatement of expenditure incurred in prior years.
^{5/} Department records show that \$356,192 of this amount was released by the projects to the Department for subsequent return to the Federal Government.

TABLE II
 SUMMARY OF CALIFORNIA DEPARTMENT OF AGING EXPENDITURES^{1/}
 TITLE III GRANT AWARDS 1974 THROUGH 1978
 STATUS AS OF SEPTEMBER 30, 1978
 (UNAUDITED)

	<u>1974^{2/}</u>	<u>1975</u>	<u>1976^{3/}</u>	<u>1977</u>	<u>1978</u>	<u>Total</u>
GRANT AWARD	<u>\$4,780,795</u>	<u>\$6,837,118</u>	<u>\$10,748,894</u>	<u>\$10,625,833</u>	<u>\$13,463,275</u>	<u>\$46,455,915</u>
EXPENDITURES ^{1/}						
1974 ^{2/}	\$ 79,710					\$ 79,710
1975	1,461,271	\$ 188,857				1,650,128
1976 ^{3/}	2,592,849	5,477,681	\$ 2,037,432			10,107,962
1977	602,396	1,034,350	6,835,894	\$1,282,800		9,755,440
1978	-0-	<u>87,177</u>	<u>1,290,479</u>	<u>8,591,782</u>	<u>\$ 5,781,368</u>	<u>15,750,806</u>
Total	<u>\$4,736,226</u>	<u>\$6,788,065</u>	<u>\$10,163,805</u>	<u>\$ 9,874,582</u>	<u>\$ 5,781,368</u>	<u>\$37,344,046^{4/}</u>
Unexpended Funds Sept 30, 1978	<u>\$ 44,569</u>	<u>\$ 49,053</u>	<u>\$ 585,089</u>	<u>\$ 751,251</u>	<u>\$ 7,681,907</u>	<u>\$ 9,111,869</u>

^{1/} Expenditures represent funds advanced to community projects.

^{2/} Schedule does not show expenditures from grant awards received in preceding years.

^{3/} The Federal Government converted to a fiscal year ending September 30. The 1976 period includes the federal transition quarter July 1, 1976 through September 30, 1976.

^{4/} Department records show that \$129,161 of this amount was released by the projects to the Department for subsequent return to the Federal Government.

TABLE III
 SUMMARY OF CALIFORNIA DEPARTMENT OF AGING EXPENDITURES^{1/}
 TITLE VII GRANT AWARDS 1974 THROUGH 1978
 STATUS AS OF SEPTEMBER 30, 1978
 (UNAUDITED)

	<u>1974^{2/}</u>	<u>1975</u>	<u>1976^{3/}</u>	<u>1977</u>	<u>1978</u>	<u>Total</u>
GRANT AWARD	<u>\$8,454,413</u>	<u>\$10,609,656</u>	<u>\$13,467,442</u>	<u>\$17,724,803</u>	<u>\$21,998,812</u>	<u>\$72,255,126</u>
EXPENDITURES ^{1/}						
1974 ^{2/}	\$ -0-					\$ -0-
1975	4,790,267	-0-				4,790,267
1976 ^{3/}	3,616,389	8,838,601	\$ 1,344,538			13,799,528
1977	27,113	1,707,176	10,740,243	\$ 4,733,190		17,207,722
1978	<u>(64,529)^{4/}</u>	<u>42,343</u>	<u>1,097,078</u>	<u>12,623,275</u>	<u>\$11,922,592</u>	<u>25,685,288</u>
Total	<u>\$8,369,240</u>	<u>\$10,588,120</u>	<u>\$13,181,859</u>	<u>\$17,356,465</u>	<u>\$11,922,592</u>	<u>\$61,418,276</u>
Unexpended Funds Sept 30, 1978	<u>\$ 85,173</u>	<u>\$ 21,536</u>	<u>\$ 285,583</u>	<u>\$ 368,338</u>	<u>\$10,076,220</u>	<u>\$10,836,850^{5/}</u>

^{1/} Expenditures represent funds advanced to community projects.

^{2/} Schedule does not show expenditures from grant awards received in preceding years.

^{3/} The Federal Government converted to a fiscal year ending September 30. The 1976 period includes the federal transition quarter July 1, 1976 through September 30, 1976.

^{4/} Abatement of expenditure incurred in prior years.

^{5/} Department records show that \$227,031 of this amount was released by the projects to the Department for subsequent return to the Federal Government.

Honorable Richard Robinson
Chairman, and Members of the
Joint Legislative Audit Committee
December 20, 1978
Page 7

Expenditure Plans

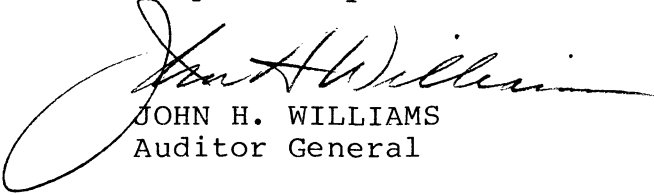
Previous Auditor General reports* have identified problems related to the expenditure of Older Americans Act Funds. At the end of federal fiscal year 1977 (September 30, 1977), the Department's carry-over balance of unexpended Title III and Title VII funds was \$25.8 million. At the onset of federal fiscal year 1977-78, CDA projected a reduction of its unexpended balance of Title III and Title VII funds to \$19.8 million. By September 30, 1978 the Department had reached an unexpended balance of \$19.9 million.

An expenditure plan for federal fiscal year 1979 has not been developed because Congress has not yet appropriated the portion of the U.S. Department of Health, Education and Welfare's (HEW) budget for Older Americans Act funds. Until Congress reconvenes in January and makes new appropriations under the Older Americans Act, the Department will operate at the funding levels established for federal fiscal year 1977-78. The San Francisco Regional Office of the Administration on Aging has informed the Department that its funding level for fiscal year 1978-79 will not be determined before March or April of 1979.

Conclusion

Since Congress has not yet appropriated Older Americans Act funds to California for federal fiscal year 1978-79, CDA has not determined an appropriate level of expenditure. Should the Department receive more Older Americans Act funds than it received in federal fiscal year 1977-78, the Department may well again face a high carry-over balance of unexpended funds before the current fiscal year is over.

Respectfully submitted,



JOHN H. WILLIAMS
Auditor General

Staff: Harold L. Turner, Audit Manager
Robert E. Christophel
Eileen Kraskouskas
Jacques M. Barber

* 827.1; 827.2. See page 1.

RESPONSE TO THE AUDITOR GENERAL'S REPORT

Under Joint Legislative Audit Committee rules agencies have three working days to respond in writing to draft reports of the Auditor General. The California Department of Aging did not respond to the report.