

# STATE OF NEVADA

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## Audit Report

Department of Health and Human Services  
Aging and Disability Services Division

2011



Legislative Auditor  
Carson City, Nevada

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# Audit Highlights



Highlights of Legislative Auditor report on the Aging and Disability Services Division issued on October 17, 2011. Report # LA12-04.

## Background

The Division for Aging Services was created in 1971. In 2009, the Office of Disability Services, Senior and Disability Rx Programs, Traumatic Brain Injury Programs, and other related responsibilities were merged with the Aging Services Division. The agency was renamed the Aging and Disability Services Division (Division).

The Division's mission is to develop, coordinate, and deliver a comprehensive support system of essential services that will allow Nevada's elders and those with disabilities to lead independent, meaningful, and dignified lives. In the 2011-2013 Executive Budget, the Division reported on 44 performance measures.

The Division's funding totaled \$57 million in fiscal year 2010. The largest funding sources were General Fund appropriations and grants. Program costs made up 74% of the Division's expenditures. The Division was authorized 206 full-time positions for fiscal year 2010.

## Purpose of Audit

The purpose of this audit was to evaluate the Division's performance measures, including the reliability of reported results. The audit focused on the Division's performance measures reported for fiscal year 2010.

## Audit Recommendations

This audit report contains three recommendations to improve administrative controls over performance measures. These recommendations include taking necessary steps to improve the reliability and validity of performance measures by defining terms, identifying assumptions, reviewing formulas used in the calculations, and using existing knowledge and abilities to ensure the data reported is complete, valid, and reliable.

The Division accepted the three recommendations.

## Recommendation Status

The Division's 60-day plan for corrective action is due on January 18, 2012. In addition, the six-month report on the status of audit recommendations is due on July 18, 2012.

# Aging and Disability Services Division

## Department of Health and Human Services

### Summary

The Aging and Disability Services Division reported some performance measures that did not accurately describe the performance of the programs. Of the five performance measures reviewed, two were significantly misleading and inaccurate, and the other three had minor errors. Management did not adequately review the calculations and descriptions of two measures to ensure the titles reflect the information reported. In addition, the Division's controls over the collection of information used to calculate the measures can be improved. These performance measures may be used by the Legislature, Governor, and Department and Division management to make critical decisions.

Two performance measures were reported as cost savings to the State for home versus institutional care, but actually reflected the estimated cost of institutional care for clients. Since the calculations did not deduct program costs and included other errors, we estimate the reported results were overstated by \$5.0 million and \$1.7 million for fiscal year 2010.

### Key Findings

Descriptions for two performance measures for personal assistance services for adults with disabilities and persons with traumatic brain injuries did not accurately describe the information presented. The Division reported the two programs saved the State \$8.8 million and \$1.8 million in fiscal year 2010 by diverting adults with disabilities and persons with traumatic brain injuries from institutional care. The formulas used to calculate these amounts do not represent the programs' savings of state dollars because they did not include the costs of operating these two programs. In addition, the Division did not include potential reimbursement from the federal government for Medicaid costs incurred by the State for institutionalization. We estimate the two programs saved the State \$3.8 million and \$123,000 during fiscal year 2010. (page 4)

The Division used information to calculate performance measures that was not always correct. Management did not implement sufficient controls to ensure the information used to calculate performance measures is accurate and reliable. The Division's calculations for the Traumatic Brain Injury (TBI) and Personal Assistance Services programs' performance measures contained the wrong Medicaid rate and number of days in a year. (page 6)

Reports used to calculate performance measures are not always accurate. The Division contracts with a provider to assist persons who qualify to receive benefits from the TBI program. The Division relies on worksheets from the provider to calculate performance measures. These worksheets contain significant errors that, in turn, distort the performance measures. For example, the provider's calculation for the average days of service did not include the number of days for 4 of 10 discharged clients for 2 months. These were unintentional errors. However, it is the Division's responsibility to implement a system to review supporting data to ensure accuracy. (page 8)



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Legislative Commission  
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This report contains the findings, conclusions, and recommendations from our completed audit of the Aging and Disability Services Division. This audit was conducted pursuant to the ongoing program of the Legislative Auditor as authorized by the Legislative Commission. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This report includes three recommendations to improve administrative controls over program performance measures. We are available to discuss these recommendations or any other items in the report with any legislative committees, individual legislators, or other State officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul V. Townsend".

Paul V. Townsend, CPA  
Legislative Auditor

September 7, 2011  
Carson City, Nevada





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# Introduction

## **Background**

The Division for Aging Services was created in 1971. In 2009, the Office of Disability Services, Senior and Disability Rx Programs, Traumatic Brain Injury Program, and other related responsibilities were merged with the Aging Services Division. The agency was renamed the Aging and Disability Services Division (Division).

The Division's mission is to develop, coordinate, and deliver a comprehensive support system of essential services that will allow Nevada's elders and those with disabilities to lead independent, meaningful, and dignified lives. The Division is responsible for implementing and monitoring many programs for elderly, frail, and persons with disabilities. These programs help persons maintain their independence and make informed care decisions, provide advocates for proper treatment, investigate mistreatment, provide meals for those not living in facilities, address the needs of caregivers, and provide other services to help ensure quality of life and reduce the need for persons to be placed in long-term care facilities.

### **Staffing and Budget**

The Division was authorized 193 full-time positions for fiscal year 2009 and 206 full-time positions for fiscal years 2010 and 2011. The Division has four offices located in Carson City, Las Vegas, Reno, and Elko.

The Division's funding totaled \$57 million in fiscal year 2010. As shown in Exhibit 1, the largest sources of funding were General Fund appropriations and grants. Program costs made up 74% of the Division's expenditures. These costs include purchases of services, grants to other entities, training, direct benefits to clients, and tax assistance. Exhibit 2 shows the Division's expenditures for fiscal year 2010.



**Aging and Disability Services Division  
Funding Sources  
Fiscal Year 2010**

**Exhibit 1**

<b>Source</b>	<b>Amount</b>
Appropriations	\$17,609,735
Grants	18,165,731
Medicaid	3,730,670
Trust Fund for a Healthy Nevada	5,579,589
Transfers from Health and Human Services and Other Departments	6,221,726
Charges for Services	2,853,743
Other	3,087,083
<b>Total</b>	<b>\$57,248,277</b>

Source: State accounting system.

**Aging and Disability Services Division  
Expenditures  
Fiscal Year 2010**

**Exhibit 2**

<b>Category</b>	<b>Amount</b>
Program Costs	\$42,298,518
Personnel	13,136,092
Operating	882,713
Other	930,954
<b>Total</b>	<b>\$57,248,277</b>

Source: State accounting system.

**Division's Programs**

The Division implements its responsibilities primarily by administering 21 significant programs including Elder Protective Services, Community Options Program for the Elderly, and Assistive Technology for Independent Living Program. The Division's responsibilities have expanded considerably since 1999. In addition to merging the Office of Disability Services with the Division for Aging Services, 10 significant programs or areas of responsibility and 5 oversight committees or commissions have been created since 1999. See Appendix A for more information about the Division's programs.

Funding and costs for implementing these responsibilities are tracked in nine budget accounts. Program activities and results

are disclosed as performance measures in the Governor's Executive Budget. Additional program details are disclosed on the Division's website or on the Department of Health and Human Services' website. In the 2011-2013 Executive Budget, the Division reported on 44 performance measures. Appendix B in this report provides a complete list of the Division's performance measures presented in the 2011-2013 Executive Budget, the actual results reported for fiscal years 2008 and 2010, plus the projected results for fiscal year 2011.

## **Scope and Objective**

This audit is a part of the ongoing program of the Legislative Auditor as authorized by the Legislative Commission, and was made pursuant to the provisions of NRS 218G.010 to 218G.350. The Legislative Auditor conducts audits as part of the Legislature's oversight responsibility for public programs. The purpose of legislative audits is to improve state government by providing the Legislature, state officials, and Nevada citizens with independent and reliable information about the operations of state agencies, programs, activities, and functions.

This audit included a review of the Division's performance measures reported for fiscal year 2010. The objective of this audit was to evaluate the Division's performance measures, including the reliability of reported results.

# Some Performance Measures Do Not Accurately Describe Program Performance

The Aging and Disability Services Division (Division) reported some performance measures that did not accurately describe the performance of the programs. Of the five performance measures reviewed, two were significantly misleading and inaccurate, and the other three had minor errors. Management did not adequately review the calculations and descriptions of two measures to ensure the titles reflect the information reported. In addition, the Division's controls over the collection of information used to calculate the measures can be improved. It is important for performance measures to accurately describe program performance because they may be used by the Legislature, Governor, and Department and Division management to make critical decisions.

Two performance measures were reported as cost savings to the State for home versus institutional care, but actually reflected the estimated cost of institutional care for clients. Since the calculations did not deduct program costs and included other errors, we estimate the reported results were overstated by \$5.0 million and \$1.7 million for fiscal year 2010.

Descriptions for two performance measures for personal assistance services for adults with disabilities and persons with traumatic brain injuries did not accurately describe the information presented. The two performance measures are described by the Division as:

- Personal Assistance Services – net cost savings to the State for home versus institutional care, and

## **Management Review of Descriptions and Calculations Needed**

- Traumatic Brain Injury – cost savings to the State for individuals diverted from institutional care.

The Personal Assistance Services and Traumatic Brain Injury programs are managed by the Division's Disability Services section. Disability Services was moved from the Department of Health and Human Services Director's Office to the Division in 2009.

The Division reported the two programs saved the State \$8.8 million and \$1.8 million in fiscal year 2010 by diverting adults with disabilities and persons with traumatic brain injuries from institutional care. However, the formulas used to calculate these amounts do not represent the programs' savings of state dollars.

#### **Formulas Do Not Include Program Costs**

The formulas used to calculate savings did not include the costs of operating these two programs. Each program's number of cases is multiplied by the cost of one client (case) being in a skilled nursing facility for one day. The Personal Assistance Services (PAS) program measure is based on average caseload and the Traumatic Brain Injury (TBI) program measure is based on the number of cases closed. The facility cost is based on the Medicaid daily rate. Then, the Division multiplied this amount by the number of days in a year.

However, in order to determine the savings, the program costs incurred by the State need to be deducted from these totals. The PAS and TBI program costs recorded in the state's accounting system for fiscal year 2010 were \$3,198,906 and \$1,502,951 respectively.

#### **Information Used in Calculations Not Complete**

The Division did not include potential reimbursement from the federal government for Medicaid costs incurred by the State for institutionalization. For fiscal year 2010, the State received a federal match of 50.1% for Medicaid dollars, according to staff of the Division of Health Care Financing and Policy. By applying an assumption that 75% of the cases may be eligible for federal reimbursement, the PAS and TBI cost savings would be further reduced by about \$4,220,000 and \$980,000 respectively.

Therefore, when combining the program costs incurred by the State and potential federal reimbursements, the cost savings to the State is significantly lower than the amount presented in the Division's performance measures. However, this potential savings for both programs is an estimate and does not address other benefits of the program that are not quantifiable in dollars. These benefits include improved quality of life, such as increased self-reliance and the ability to remain closer to family and leverage resources from family, friends, and communities.

### **Recommendations**

1. Clearly define terms and identify assumptions needed to perform the calculation as described in the performance measure's title.
2. Review the formulas used to calculate performance measures.

### **Information Used to Calculate Performance Measures Was Not Verified**

The Division used information to calculate performance measures that was not always correct. Management did not implement sufficient controls to ensure the information used to calculate performance measures is accurate and reliable. Control weaknesses resulted in wrong numbers used in calculations, supporting worksheets with mathematical errors, and database logic errors. Some of these weaknesses are not significant to the individual performance measure, but collectively they indicate systemic problems. Controls over information help to ensure the validity, completeness, and accuracy of program information used by decision makers.

### **Wrong Numbers Used in Calculations**

The documents supporting the calculations for the TBI, PAS, and Senior Citizen's Tax Assistance and Rent Rebate (STARR) programs contained inaccurate numbers. Consequently, the performance measures were misstated.

The Division's calculations for the TBI and PAS programs' performance measures contained the wrong Medicaid rate and number of days in a year. Exhibits 3 and 4 show the total effect of

the errors in calculating the performance measures for the TBI and PAS programs.

**Traumatic Brain Injury Estimated Program Savings** **Exhibit 3**  
**Including Costs, Medicaid Reimbursements, and Other Adjustments**  
**Fiscal Year 2010**

Description	Adjusted	As Calculated by Division
Number of Clients	38	34
Times Medicaid Daily Rate	\$ 187.79	\$ 149.00
Times Number of Days in a Year	365	364
Gross Savings	\$ 2,604,647	\$1,844,024
Less Program Cost	\$ 1,502,951	--
Less Potential Medicaid Reimbursement <sup>(1)</sup>	\$ 978,696	--
<b>Estimated Savings of Program</b>	<b>\$ 123,000</b>	<b>\$1,844,024</b>

Source: Auditor analysis of program costs recorded in the state accounting system, Division records, and Division of Health Care Financing and Policy information.

<sup>(1)</sup> Assumes 75% of clients are eligible for Medicaid payment for skilled nursing facility.

**Personal Assistance Services Estimated Program Savings** **Exhibit 4**  
**Including Costs, Medicaid Reimbursements, and Other Adjustments**  
**Fiscal Year 2010**

Description	Adjusted	As Calculated By Division
Number of Clients	164	162
Times Medicaid Daily Rate	\$ 187.79	\$ 149.00
Times Number of Days in a Year	365	364
Gross Savings	\$11,241,109	\$8,786,232
Less Program Cost	\$ 3,198,906	--
Less Potential Medicaid Reimbursement <sup>(1)</sup>	\$ 4,223,847	--
<b>Estimated Savings of Program</b>	<b>\$ 3,818,356</b>	<b>\$8,786,232</b>

Source: Auditor analysis of program costs recorded in the state accounting system, Division records, and Division of Health Care Financing and Policy information.

<sup>(1)</sup> Assumes 75% of clients are eligible for Medicaid payment for skilled nursing facility.

The Division incorrectly calculated the maximum income for the total earnings criterion for the STARR program. Income is one of several criteria used to qualify applicants for tax rebates. Statute provides a specific process to calculate maximum earnings; however, agency staff did not correctly follow the process and calculated a wrong amount.

On the STARR application instructions, the maximum income is stated as \$28,677; however, the correct amount is \$28,720. This variance of \$43 excluded six applicants recorded in the database from being considered in the measure calculation. Further, this error may have prevented other seniors from submitting applications if their income slightly exceeded the incorrect maximum in the instructions.

### **Mathematical Errors Made When Calculating Results**

Reports used to calculate performance measures are not always accurate. The Division contracts with a provider to assist persons who qualify to receive benefits from the TBI program. The Division relies on worksheets from the provider to calculate performance measures. However, agency oversight needs improvement to ensure these reports are accurate.

The provider for TBI services records program activities on two worksheets that are used to calculate performance information. These worksheets contain significant errors that, in turn, distort internal management reports, information provided on the agency's website, and performance measures. There were errors related to the number of closed cases, average cost, and days of service. These reports contained the following errors:

- The Division used 34 as the number of TBI clients discharged in fiscal year 2010 to compute cost savings. However, we found that the provider's tables list 38 clients as being discharged during that period.
- The average cost of providing services was calculated incorrectly for 2 months. The cost was understated by \$5,000, or 26%, for one month and by \$5,950, or 22%, for another month. This occurred because the formulas or formatting of numbers on the reports were incorrect or inconsistent.
- In 2 months, the calculation for the average days of service did not include the number of days for 4 of 10 clients discharged in those months. The length of stay for those four clients ranged from 61 days to 101 days.

These were unintentional errors. However, it is the Division's responsibility to implement a system to review supporting data to ensure accuracy.

Management did not have sufficient controls to ensure the STARR database was updated prior to computing the number of applicants with income below the poverty level. After tax rebate checks were issued, 29 clients from a population of 17,885 applications had income below the poverty level but were not included in that count. This error is minor and did not impact the information reported in the performance measure. However, the current procedure would allow a larger error to occur and not be detected.

Controls over the Division's databases also need to be strengthened. The Social Assistance Management System (SAMS) is intended to accommodate data for the major programs within the Division. We found the SAMS allowed logic errors. For example, we compared information on 40 hard copy files in the Elder Protective Services program to information in the SAMS and found one instance where the date of service was prior to the intake date.

Further, SAMS was not able to provide information from the system to allow independent data verification. Independent verification is a necessary control to ensure data is complete, accurate, valid, and reliable.

### **Recommendation**

3. Use the Division's existing knowledge, skills, and abilities to strengthen controls over information used to calculate performance measures.



# Appendix A

## Significant Programs

Significant Programs	Descriptions	Funding
<b><u>Senior Citizen's Property Tax Assistance</u></b>		
1 Senior Citizens' Tax Assistance/Rent Rebate (STARR)	Refunds a portion of property tax. This program was eliminated during the 76 <sup>th</sup> Legislative Session (2011).	General Fund
<b><u>Tobacco Settlement</u></b>		
2 Independent Living Grants (ILG)	Provides vital services for independent living, case management, medical equipment, volunteer care, and nutrition therapy.	Tobacco Settlement
<b><u>Home and Community Based Programs</u></b>		
3 Community Options Program for the Elderly (COPE)	Provides case management, homemaker, adult day care, adult companion, emergency response system, chore, and respite.	General Fund and Tobacco Settlement
4 Assisted Living Waiver (AL)	Supportive services to persons in residential facility including bathing, hygiene, feeding, and medical oversight.	Medicaid and General Fund
5 Community Home-Based Initiatives Program (CHIP)	Assistance to seniors to maintain independence in their own homes.	Medicaid and General Fund
6 Waiver for the Elderly in Adult Residential Care (WEARC)	Services for persons in residential/group home facilities, includes attendant care.	Medicaid and General Fund
<b><u>Aging Federal Programs and Administration</u></b>		
7 Advocates for Elders	Helps elders/family to maintain independence, and make informed decisions.	General Fund
8 Long Term Care Ombudsman (Elder Rights Advocates)	Investigate, resolve complaints, and make routine visits to facilities.	Federal Title III and Title IV, Medicaid, and General Fund
9 Older Americans Act Title III-B	Provides senior companion, adult day care, legal services, education/training, volunteer services, case management, and homemaker services.	Federal Title III and General Fund
10 Older Americans Act (Meals)	Provides meals in congregate settings.	Federal Title III and General Fund
11 Older Americans Act (Homebound Meals)	Provides homebound meals.	Federal Title III and General Fund
12 Older Americans Act (Caregiver Needs)	Addresses needs of caregivers.	Federal Title III and Tobacco Settlement
13 Senior Ride Program – Clark County	Seniors or disabled can use taxis at a reduced rate.	Taxicab Authority and Coupon Sales
14 State Health Insurance Assistance Program (SHIP)	Assistance to seniors for Medicare services.	Medicare
<b><u>Senior Rx and Disability Rx</u></b>		
15 Senior RX and Disability RX	Provides medications at reduced rates.	Tobacco Settlement, General Fund, and HIV/AIDS RX
<b><u>Elder Protective Services/Homemaker Programs</u></b>		
16 Elder Protective Services Program (EPS)	Investigates reports of abuse, neglect, and self neglect.	Federal Title XX and General Fund
17 Homemaker Program	Provides in-home services (housekeeping, shopping, errands, meal preparation, and laundry).	Federal Title XX and Tobacco Settlement
<b><u>Community Based Services</u></b>		
18 Disability Services - Independent Living	Provides home/vehicle modification; one-time services for persons with severe disabilities.	General Fund
19 Disability Services - Personal Assistance Services (PAS)	Serves persons 18 years or older with severe disabilities who need assistance with daily personal care needs.	General Fund
20 Disability Services - Traumatic Brain Injury (TBI)	One-time rehabilitation services for persons with recent brain injuries and prognoses for good recovery.	General Fund
<b><u>IDEA Part C Compliance</u></b>		
21 IDEA Part C	Monitors early intervention for children.	Federal Grant and ARRA Grant

Source: Department of Health and Human Services.

# Appendix B

## Performance Measures Included in 2011-2013 Executive Budget

Description	Actual FY08 <sup>(1)</sup>	Actual FY10 <sup>(2)</sup>	Projected FY11 <sup>(2)</sup>
<b><u>Senior Citizens' Property Tax Assistance</u></b>			
1 Number of applications	15,590	17,764	18,859
2 Percent of applicants who received a refund	New	92%	91%
3 Percent of eligible applicants who received the maximum refund	New	34%	29%
4 Percent of eligible applicants below the federal poverty level	New	22%	20%
5 Percent of refunds paid by August 15 <sup>th</sup>	78%	20%	90%
<b><u>Tobacco Settlement</u></b>			
6 Percent of programs receiving an annual fiscal monitoring	New	75%	90%
7 High-risk programs as a share of all funded programs	New	4%	2%
8 Percent of programs receiving more than one site visit per year	New	0%	9%
9 Percent of all clients statewide who reside in rural Nevada	New	19%	13%
10 Percent of all clients statewide who represent minority populations	New	22%	18%
11 Percent of all clients statewide who are at or below the federal poverty level	New	47%	8%
<b><u>Home and Community Based Programs</u></b>			
12 Number of new Community Home-based Initiatives Program (CHIP) clients approved	354	474	456
13 Number of highest priority Community Service Options Program for the Elderly (COPE) clients approved	13	1	20
14 Number of highest priority COPE clients approved within 90 days	12	1	18
15 Percent of highest priority COPE clients approved within 90 days	92%	100%	90%
16 Number of new Waiver for the Elderly in Adult Residential Care (WEARC) clients approved	164	195	120
17 Number of new Assisted Living (AL) waiver clients approved	11	3	12
<b><u>Aging Federal Programs and Administration</u></b>			
18 Long-Term Care Ombudsman Elder Rights-number of complaints investigated	4,594	1,209	2,500
19 Long-Term Care Ombudsman Elder Rights -number of activities completed	2,501	5,167	4,600
20 Social Services & Meals - Percent of all clients statewide who reside in rural Nevada	New	26%	13%
21 Social Services & Meals - Percent of all clients statewide who represent minority populations	New	14%	18%
22 Social Services & Meals - Percent of all clients who are at or below federal poverty level	New	32%	8%
23 Long-Term Care Ombudsman Elder Rights -percent of complainants satisfied	New	86%	85%

Performance Measures Included in 2011-2013 Executive Budget  
(continued)

Description	Actual FY08 <sup>(1)</sup>	Actual FY10 <sup>(2)</sup>	Projected FY11 <sup>(2)</sup>
<b><u>Elder Protective Services/Homemaker Programs</u></b>			
24 Elder Protective Services - Total number of cases investigated and closed	2,500	2,944	3,100
25 Elder Protective Services - Percent of cases that were initiated within 3 working days of receipt	New	96%	95%
26 Elder Protective Services - Total number of activities completed including information, referral and trainings provided	1,494	1,432	1,700
27 Elder Protective Services - Percent of cases investigated and closed within 90 days	97%	97%	95%
28 Homemaker Program - Number of new homemaker cases approved	188	93	229
29 Homemaker Program - Percent of recipients reporting improvements	New	100%	95%
<b><u>Community Based Services</u></b>			
30 Personal Assistance Services - net cost savings to State for home versus institutional care	\$11,094,540	\$8,786,232	\$11,828,737
31 Traumatic Brain Injury - cost savings to State for individuals diverted from institutional care	\$ 1,522,780	\$1,844,024	\$ 1,631,550
32 Telecommunications relay services - Number of outbound calls processed	315,000	223,580	275,000
33 Independent Living and Assistive Technology Services - Percent reporting significant improvements in independence	98%	95%	90%
<b><u>IDEA Part C Compliance</u></b>			
34 Timely submission of yearly grant applications	100%	100%	100%
35 Data system provides accurate and timely data	100%	100%	100%
36 System of general supervision that provides program monitoring	100%	100%	100%
37 Federal reports submitted by due date	100%	100%	100%
38 Parent and system complaints: report of findings issued within 60 days	100%	100%	100%
<b><u>Senior Rx and Disability Rx</u></b>			
39 Maintain balance of eligible applications for Senior Rx to represent regional residents		New	New
40 Maintain balance of eligible applications for Disability Rx to represent regional residents		New	New
41 Percent of Senior Rx applications that are terminated because of an unfinished application		New	New
42 Percent of Disability Rx applicants that are terminated because of an unfinished application		New	New
43 Enrollees/Senior Rx		4,876	6,195
44 Enrollees/Disability Rx		546	616

<sup>(1)</sup> Source: 2009–2011 Executive Budget.

<sup>(2)</sup> Source: 2011–2013 Executive Budget.

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# Appendix C

## Audit Methodology

To gain an understanding of the Aging and Disability Services Division, we interviewed agency staff and reviewed statutes, regulations, policies, and procedures significant to the Division's operations. We also reviewed financial information, budgets, legislative committee minutes, and other information describing the activities of the agency. We identified 44 performance measures and judgmentally selected 5 to test.

To determine if the senior citizens tax program performance measure was reliable, we obtained a copy of the senior citizens tax database and reviewed the data for overall reasonableness, unusual trends, and inconsistencies. Next, we randomly selected 10 applications and compared the information found on these applications to the client information stored in the database for completeness and accuracy. We also randomly selected 10 clients from the database and compared the information in the database with their applications for completeness and accuracy. Next, we identified the number of applications received and determined the number of eligible applicants. We then reviewed the income levels for eligible applicants and determined the number with income levels below the federal poverty level and compared our results with the performance measure results reported by the agency.

To determine if the personal assistance services program performance measure was reliable, we obtained a copy of the grantee's database and reviewed the data for overall reasonableness. This review included analysis for unusual trends and inconsistencies. Next, we randomly selected 10 applications and compared the information on the applications with the database for completeness and accuracy. We also randomly selected 10 clients from the database and compared the client information on the database with their applications for

completeness and accuracy. We then identified the attributes used in calculating the performance measure, including the average number of cases and the Medicaid daily rate for nursing facility care. We used these attributes to review the performance measure results reported by the agency. In addition, we reviewed the measurement description to determine if it represented the results that were reported.

To determine if the traumatic brain injury performance measure was reliable, we obtained copies of the grantee's data and reviewed it for overall reasonableness, including an analysis for unusual trends and inconsistencies. In addition, we identified the attributes used in calculating the performance measure, including the number of closed cases and the Medicaid daily rate for nursing facility care. Next, we used these components to evaluate the performance measure results reported by the agency. Then we determined if the description of the performance measure matched what was reported.

To determine if the elder protective services performance measures were reliable, we randomly selected 40 cases and compared the information from these cases with the data in the social assistance management system database for completeness and accuracy.

Our audit work was conducted from April 2010 to March 2011. 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 objective.

In accordance with NRS 218G.230, we furnished a copy of our preliminary report to the Administrator of the Aging and Disability Services Division. On August 19, 2011, we met with agency officials to discuss the results of the audit and requested a written response to the preliminary report. That response is contained in Appendix D, which begins on page 16.

Contributors to this report included:

Stephany Gibbs, CPA, CGFM  
Deputy Legislative Auditor

Jane Bailey  
Audit Supervisor

Roger Wilkerson  
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# Appendix D

## Response From the Aging and Disability Services Division



BRIAN SANDOVAL  
Governor

STATE OF NEVADA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
AGING AND DISABILITY SERVICES DIVISION

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MICHAEL WILLDEN  
Director

CAROL SALA  
Administrator

August 29, 2011

Paul V. Townsend, CPA  
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401 S. Carson Street  
Carson City, NV 89701

Dear Mr. Townsend:

Nevada Aging and Disability Services Division has reviewed the audit report and accepts the recommendations presented within the report. We feel these recommendations provide us with an opportunity to review and revise our processes to assure that the information reported on our programs accurately represents the outcomes. We continually work to improve our processes in order to serve Nevada's seniors and persons with disabilities.

We appreciate the time and effort the auditors committed to understanding the operations of the division. We would also like to express our appreciation to Stephany Gibbs, Roger Wilkinson and Jane Bailey for their professionalism and consideration during the audit. They were mindful not to cause staff any additional disruption while conducting the audit.

Please feel free to contact me at 687-0515 if you have any questions or need anything further.

Sincerely,

Handwritten signature of Carol A. Sala in cursive.

Carol A. Sala  
Administrator

Enclosure

Cc: Mike Willden, Director, Department of Health and Human Services

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## The Aging and Disability Services Division's Response to Audit Recommendations

<u>Recommendations</u>	<u>Accepted</u>	<u>Rejected</u>
1. Clearly define terms and identify assumptions needed to perform the calculation as described in the performance measure's title.....	<u>X</u>	<u>          </u>
2. Review the formulas used to calculate performance measures .....	<u>X</u>	<u>          </u>
3. Use the Division's existing knowledge, skills, and abilities to strengthen controls over information used to calculate performance measures.....	<u>X</u>	<u>          </u>
TOTALS	<u>    3    </u>	<u>    0    </u>