



## Department of Aging

# Passport Incentive Program Audit

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**Audit Period: January through September 2013**

### Results Summary:

<b>Objective</b>	<b>Conclusion</b>
<b>Adequacy and Communication of Defined Incentive Measures</b>	<b>Well-Controlled</b>
<b>Monitoring of Incentive Measurements</b>	<b>Well-Controlled with Improvement Needed</b>
<b>Incentive Budget Adjustment and Reporting Process</b>	<b>Well-Controlled</b>

**Report number: 2014-AGE-01**

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## **Executive Summary**

### **Background**

The Ohio Department of Aging (ODA) administers services and support for older adults, their caregivers and their families. The PASSPORT incentive program is a payment method for administrative agency operations that includes a pay-for-performance incentive component that is earned by a PASSPORT administrative agency (PAA) when defined consumer and policy outcomes are achieved. For SFY13, the incentives were paid out of a one percent holdback (approximately \$840,000) from the PAA operating budgets.

During the audit, OIA identified opportunities for Department of Aging to strengthen internal controls and improve business operations. OIA conforms with the *International Standards for the Professional Practice of Internal Auditing*. OIA would like to thank Department of Aging staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.

### **Scope and Objectives**

OIA staff performed assurance work related to the controls over the agency's PASSPORT incentive program. The scope of this audit included all areas of the PASSPORT incentive process, for the audit period January through September 2013. The objectives identified for the engagement were as follows:

- Evaluate the adequacy of defined incentive measures and the communication of requirements to recipients.
- Evaluate the design and effectiveness of controls used to monitor incentive measurements.
- Evaluate the design and effectiveness of controls over the incentive budget adjustment and reporting process.

### **Detailed Observations and Recommendations**

The Observations and Recommendations include only those risks which were deemed high or moderate. There were no high or moderate risk observations and recommendations identified as a result of this audit. Low risk observations were discussed with individual agency management and are not part of this report. However, the low risk observations were considered as part of the audit objective conclusions.



## Appendix A – Classification of Conclusions and Observations

### Classification of Audit Objective Conclusions

Conclusion	Description of Factors
<b>Well-Controlled</b>	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.
<b>Well-Controlled with Improvement Needed</b>	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
<b>Improvement Needed</b>	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
<b>Major Improvement Needed</b>	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.

### Classification of Audit Observations

Rating	Description of Factors	Reporting Level
<b>Low</b>	Observation poses relatively minor exposure to an agency under review. Represents a process improvement opportunity.	Agency Management; State Audit Committee (Not reported)
<b>Moderate</b>	Observation has moderate impact to the agency. Exposure may be significant to unit within an agency, but not to the agency as a whole. Compensating controls may exist but are not operating as designed. Requires near-term agency attention.	Agency Management and State Audit Committee
<b>High</b>	Observation has broad (state or agency wide) impact and possible or existing material exposure requiring immediate agency attention and remediation.	Agency Management and State Audit Committee