



Susan Montee, CPA  
Missouri State Auditor

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# HEALTH AND SENIOR SERVICES

## Mid-East Area Agency on Aging



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October 2008  
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Office of  
Missouri State Auditor  
Susan Montee, CPA

October 2008

Our office conducted an audit of the Mid-East Area Agency on Aging.

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The Mid-East Area Agency on Aging (MEAAA) has experienced a high rate of employee turnover in recent years, with employee turnover rates ranging from 51 to 69 percent from 2004 to 2006. The high turnover rate is costly and time-consuming due to the continuous hiring and training new employees. The agency has taken some steps in an attempt to address this problem; however, the employee turnover rate remains high, at about 50 percent for a recent 12-month period ending March 2008.

Complaints concerning MEAAA management and employee morale issues were reported publicly and to the State Auditor's Office both prior to and during the audit. To review these complaints/concerns and to better understand the reasons for the high turnover, we sent a survey to 63 former MEAAA employees, with 37 of the survey recipients ultimately responding. Many of the surveys cited multiple reasons for leaving employment, including, but not limited to, higher pay, better job opportunity, and retirement. However, the most commonly cited reason was conflict with supervisor(s)/management, with 46 percent of those responding noting this as one of the primary reasons for leaving agency employment. In addition, over half of the former employees responded no to the questions of whether MEAAA management/supervisors treated employees well and with respect, gave fair and equal treatment, and welcomed suggestions and feedback.

The survey results indicate there are employee morale problems at the agency, some involving the relationship between employees and management. The audit concluded that further efforts are needed to reduce the turnover rate and improve employee/management relations and recommended the MEAAA board conduct or authorize an in-depth independent review of agency management/supervisors to gain a better understanding of the problems that exist and take corrective action.

A continuing point of contention has been the MEAAA's decision to provide only limited financial support to the new Tri-County Senior Center (Tri-County) located in the city of Pacific. This is a locally-funded and operated senior center that opened in 2007. The decision was made (by local parties in that community) to proceed with the construction of this senior center even though MEAAA had made no commitment to provide financial assistance to the new center after it was built. While the MEAAA has agreed to provide a limited number of catered meals per day to the new senior center, various officials/residents in the Pacific area have expressed the desire that Tri-County become an MEAAA-operated senior center with an on-site cooking operation and for the MEAAA to cover the costs of the senior center's operations.

YELLOW SHEET

The MEAAA has cited current funding levels within the four-county region, as well as limited funding resources, as reasons for not making Tri-County an MEAAA-operated senior center. An analysis prepared by the MEAAA noted that senior centers in Franklin County (where the city of Pacific is primarily located) already receive approximately 19 percent of MEAAA's funding in the region, even though that county only has about 6 percent of the senior population. It is the belief of MEAAA officials that any funding increases should be directed primarily to areas that are currently underserved.

It appears the MEAAA is under no obligation to take over the operations of this senior center and absorb the related operating costs. The agency's decision to provide only limited financial support to Tri-County appears to have been a reasonable management decision made within the agency's discretion, and the audit made no recommendation related to this matter. However, the MEAAA was encouraged to continue working with Tri-County in pursuing other funding to meet the senior center's operating needs.

Concerns/allegations have been reported publicly regarding the possible misreporting of meals provided by the agency to the Missouri Department of Health and Senior Services (DHSS), the state agency that provides most of the MEAAA's funding. In investigating this matter, it was determined the MEAAA misreported a minimal number of meals to the DHSS in years prior to 2007; however, these reporting errors have been resolved. In addition, any excess funding the MEAAA received from the DHSS related to this situation appears to have been negligible.

The MEAAA competitively procures its major commodity and service contracts and generally makes an effort to solicit competitive bids for other goods and services; however, the agency has not established a comprehensive procurement policy which provides specific guidelines regarding the appropriate/necessary purchasing procedures and documentation to be maintained. As a result, various expenditures were noted in which competitive bids or proposals were not solicited and/or bidding documentation was not retained.

Dispositions of capital assets are not always removed from the asset listing in a timely manner, and formal physical inventory procedures regarding the agency's capital assets have not been established. In addition, a recreational vehicle purchased by the agency in 1996 (at a cost of \$79,600), and subsequently modified to serve as a mobile unit for health screenings and medical exams, has not been used for approximately three years.

Background checks have not been conducted for volunteers who assist in agency programs. Considering the close personal interaction that may occur between volunteers and the senior citizens, conducting background checks on all volunteers may be necessary and would help ensure the safety and well-being of the senior citizens who participate in the agency's programs.

Also included in the audit report are recommendations related to controls over receipts and meeting minutes and record requests.

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MID-EAST AREA AGENCY ON AGING

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STATE AUDITOR'S REPORT



**SUSAN MONTEE, CPA**  
**Missouri State Auditor**

Honorable Matt Blunt, Governor  
and  
Jane C. Drummond, Director  
Department of Health and Senior Services  
and  
Members of the Board of Directors  
Mid-East Area Agency on Aging  
and  
Mary E. Schaefer, Executive Director  
Mid-East Area Agency on Aging  
Manchester, Missouri

We have audited the Mid-East Area Agency on Aging. The Missouri Department of Health and Senior Services engaged McBride, Lock and Associates, Certified Public Accountants (CPAs), to audit the agency's financial statements for the years ended June 30, 2007 and 2006. To minimize duplication of effort, we reviewed the reports and substantiating working papers of the CPA firm. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2007 and 2006. The objectives of our audit were to:

1. Determine if the agency has adequate internal controls over significant management and financial functions, and evaluate the economy and efficiency of the related practices and operations.
2. Evaluate the propriety of expenditures and related procurement policies and practices.
3. Determine if the agency has complied with certain legal provisions.
4. Investigate various concerns publicly reported or conveyed to us during the audit.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the agency, as well as certain external parties; testing selected transactions; and analyzing survey information received from former employees.

We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also tested certain of those controls to obtain evidence regarding the

effectiveness of their design and operation. However, providing an opinion on the effectiveness of internal controls was not an objective of our audit and accordingly, we do not express such an opinion.

We obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. Abuse, which refers to behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary given the facts and circumstances, does not necessarily involve noncompliance with legal provisions. Because the determination of abuse is subjective, our audit is not required to provide reasonable assurance of detecting abuse.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our 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 such a basis.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the agency's management and was not subjected to the procedures applied in our audit of the agency.

The accompanying Management Advisory Report presents our findings arising from our audit of the Mid-East Area Agency on Aging.



Susan Montee, CPA  
State Auditor

The following auditors participated in the preparation of this report:

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MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

MID-EAST AREA AGENCY ON AGING  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

**1. Employee Turnover and Morale Issues**

The MEAAA has a high level of employee turnover, which appears to be due, at least in part, to conflicts with supervisors/management and morale issues at the agency.

The agency has experienced a high rate of employee turnover in recent years. According to information provided by the agency, the employee turnover rate for nutrition program/senior center employees for calendar years 2004, 2005, and 2006 was 51 percent, 69 percent, and 51 percent, respectively, based on an employment level of 118 nutrition center employees. While some employee turnover is expected, the high turnover rate is costly and time-consuming due to the need for continuously hiring and training new employees.

The agency has recognized that it is experiencing problems with employee turnover and has taken some steps in an attempt to address this problem. The MEAAA has implemented exit interviews with outgoing employees to identify personnel problems and concerns that have contributed to employees leaving the agency. Also, during 2006, changes were made to some job titles to better reflect actual job responsibilities. In addition, according to MEAAA officials, training modules have been developed and standardized job training implemented for supervisors in an effort to decrease turnover resulting from supervisory issues. While MEAAA officials believe these actions have had a positive impact, the employee turnover rate remains high. From April 2007 through March 2008, we determined the employee turnover rate was about 50 percent during that 12-month period, based on agency-provided information.

Complaints concerning MEAAA management and employee morale issues have been reported publicly and to us both prior to and during the audit. To review these complaints/concerns and to help us gain a better understanding of the reasons for the high employee turnover, we sent a survey to a sample of former agency employees. In determining the survey population, we initially considered all individuals (255 individuals) who had left MEAAA employment between July 2005 and February 2008. We then excluded 55 former employees who had been fired (to eliminate individuals who would tend to have a negative bias). In addition, we considered length of employment, with most of the former employees included in the sample having been employed with the agency for at least one year. The parameters and screening process we used were an effort to identify and select an objective sample.

In March 2008, we sent surveys to 63 former MEAAA employees (or approximately one-third of the remaining population), with 37 (or 59 percent) of the survey recipients ultimately responding to the survey. The survey included various questions directed towards the former employees, including their overall level of job satisfaction, reason(s)

for leaving, and how they were treated by management. Responses to questions posed in the survey provided the following results:

- When questioned how the former employee would rate their overall job satisfaction, 7 (or 18 percent) responded high, 19 (or 51 percent) responded moderate, and 9 (or 24 percent) responded low. Two survey responses were not considered valid, and were not considered in our results. While these survey results indicate a majority of the individuals responding to the survey had a moderate to high overall job satisfaction level, many of these people expressed dissatisfaction with how they were treated by supervisor(s)/management.
- Many of the surveys cited multiple reasons for leaving employment, including, but not limited to, higher pay, better job opportunity, retirement, and conflicts with supervisor(s)/management. The most commonly cited reason was conflict with supervisor(s)/management, with 17 former employees (or 46 percent of those responding) noting this as one of the primary reasons for leaving agency employment. The second most commonly cited reason was for higher pay, which was noted on 13 surveys (or 35 percent of those responding).
- When questioned about agency management, the following table identifies the questions asked and the number of responses.

Survey Results (Number of Responses)			
	<u>Yes</u>	<u>No</u>	<u>Sometimes</u>
Do you feel that MEAAA management/supervisors:			
Treated employees well and with respect	11	21	5
Gave fair and equal treatment	8	22	4
Welcomed suggestions and feedback	8	21	5

(Note: Certain former employees did not provide a response to one or more questions on the survey.)

While some of the surveys returned provided positive feedback regarding their employment experience with the MEAAA and agency management, the survey results would indicate there are employee morale problems at the agency, some involving the relationship between employees and management. It should be noted that complaints/concerns shared with us involved all levels of management, including management officials at central office as well as at the senior center level.

The following represent some selected comments received from former employees who returned surveys to us. While some of these employees had only worked for the agency for a limited period of time, others had worked for the MEAAA for at least 6 years or more.

- "When people choose to work for low pay, they would just like to be appreciated. I loved the seniors and loved that type of work, but never felt appreciated. I have

had jobs that paid way more, but chose to work for the MEAAA because I like working with the seniors. I just wanted respect."

- "The work environment is stressful, degrading, fearful, intimidating...Employees should be going home at the end of the day feeling good about themselves and their work – not feeling sad and negative about themselves."
- "There is little communication from management to the centers and frustration within the centers on the ongoing and constantly changing demands and expectations. The centers provide excellent service in spite of, and not because of, MEAAA management."
- "I know a lot of places can't pay very much, but they need to compensate that with having supervisory people who will give praise and show appreciation to people to contribute to their self-worth. People who make low salaries are already struggling in a lot of ways, but they need to be treated with respect as much as anyone else."

Besides the comments cited above, other comments included in the returned surveys indicated that some employees had a much higher level of job satisfaction in earlier years, but that satisfaction level had declined in recent years. In addition, there was the perception of some former employees that management was more concerned about the financial results of the agency than its employees or the seniors it serves. We also received a number of unsolicited calls from former employees who expressed similar concerns regarding agency management and employee morale.

Further, we were made aware that the Executive Director had asked the members of her top management staff at central office to sign an agreement entitled Code of Conduct/Expectations For MEAAA Management Staff. Among the various provisions of this agreement was a provision indicating that "communication with the board (Board of Directors) is expected to go through the executive director who reports to the directors." The agreement further provides that "going over and around the chain of authority is counter productive and harmful for the operation of the agency and will not be tolerated." While we understand and appreciate the need for the chain-of-command to be respected in an organization, we also believe it is unusual for management employees to be required to sign a document like the one discussed above, and this situation could reflect a management tone in the organization that does not promote teamwork and cooperation.

Our review indicated that although the MEAAA is aware of the high turnover rate and has taken some actions to address it, more attention to this issue is needed. Based on the surveys and other information received from former employees, it appears the employees' relationship with management and perception of agency management has had a negative impact on the agency and its employee turnover rate. Further efforts are needed to reduce the turnover rate and to improve employee/management relations. The MEAAA Board of Directors should conduct or authorize an in-depth, independent review of agency management/supervisors to get a better understanding of the problems that exist and take corrective action.

**WE RECOMMEND** the MEAAA Board of Directors take action to improve employee/management relations to decrease the agency's employee turnover rate and positively impact the agency's programs and operations. Such actions should include an in-depth, independent review and evaluation of agency management/supervisors.

**AUDITEE'S RESPONSE**

*The MEAAA board of directors will review potential actions with the goal of improving morale and retention. MEAAA recognizes that staff turnover is costly and affects the service the agency provides to the community.*

*However, the audit finding provided no comparison with employee turnover in similar industries or even in other area agencies on aging, and thus offers no basis for characterizing MEAAA's turnover rate as "high."*

*So it should be noted that according to the US Bureau of Labor Statistics, the industry of accommodations and food service\* had the highest turnover rate of any category tracked. And in each of the last three years, MEAAA turnover among nutrition program/senior center employees has been lower than the national figures.*

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<i>National Turnover Rate, Accommodations and Food Service (U.S. Bureau of Labor Statistics)</i>	72%	75%	76%
<i>MEAAA Nutrition Department Turnover Rate</i>	54%	51%	69%

*\* The other industry categories are: Private industry; natural resources and mining; construction; manufacturing; durable goods manufacturing; trade, transportation and utilities; wholesale trade; retail trade, transportation, warehousing and utilities; information; financial activities; finance and insurance; real estate and rental and leasing; professional and business services; education and health services; educational services; healthcare and social assistance; leisure and hospitality; arts, entertainment and recreation.*

*Over 59% of the MEAAA turnover was in the three lowest wage positions in the senior centers. It should also be noted that 60% of the turnover during the last four years occurred with employees of one year or less of service. Almost half of the turnover for FY 2004-2007 was in the two lowest-paid positions in the agency: assistant cook (21%) and site aide (26%). A high percentage of the turnover (28.8 %) occurred in three senior centers out of the 23 directly operated by MEAAA. Two of the senior centers, (Arnold and Route 66) during this four-year period had a combined total of 60 separations, representing a disproportionate number of the total separations, skewing the average. Leadership issues at these centers already have been addressed by MEAAA.*

*We strongly caution against extrapolating the survey results included in the finding -- which were used to support the conclusion that MEAAA's supposedly high separation rate was caused by conflicts with management and morale issues -- to the whole population of ex-employees, as*

*the respondents were, to a large extent, self-selected. The references to conflict with management were unhelpfully vague, and there was only indirect reference to the number of respondents who elected not to make comments or made favorable comments. The number of negative comments was not stated in comparison to the total of the surveys received with comments.*

*Regarding the comment about “unsolicited calls” received from former employees -- there were three public solicitations for calls from MEAAA former employees: at a public forum in Union conducted by the Franklin County presiding commissioner, the state senator for Franklin County and the mayor of Pacific on Dec. 6, 2007; and in the Pacific editions of the Washington Missourian on Dec. 24, 2007, and Feb. 6, 2008.*

*The audit summarizes unspecific comments in returned surveys, including claims that a “higher level of job satisfaction (existed) in earlier years, but that satisfaction had declined in recent years.” No time frame is indicated. But very few of the employees who had separated from the agency during the last four years had worked for MEAAA for more than five years (14%), and separated employees were the only ones surveyed.*

*Although signing the Code of Conduct/Expectations for MEAAA Management Staff is no longer required, it should be noted that this document was described as “reflecting a management tone in the organization that does not promote teamwork and cooperation.” The document, in fact, included several statements about teamwork and cooperation, as well as the reference to following the chain of authority. These included: “we all work together as a cohesive team” and “we must be supportive of one another in our communications and actions.”*

*MEAAA has been and continues to be very concerned about improving employee morale. Several incentive programs are already under consideration, such as a merit system for pay increases based upon evaluations, flexible/compressed work schedules, and an employee-of-the-month recognition program. The MEAAA board of directors will develop strategies to evaluate and promote employee morale.*

*The MEAAA executive director will work with an executive coach to assist in improving the culture of the agency. Supervisory training will be conducted throughout all levels of management to improve employee/management relations and to decrease the agency’s employee turnover rate and positively impact the agency’s programs and operations.*

### **AUDITOR'S COMMENT**

We do not necessarily agree that a comparison of MEAAA's turnover rate to national accommodations and food services turnover statistics is a valid comparison. The MEAAA may more closely resemble a social services operation, and according to the U.S. Bureau of Labor Statistics, the 2007 employee separation rate for the health care and social assistance industry was 28.7 percent. In addition, an entity like the MEAAA would likely attract a different group of potential employees than a typical food services operation, many of whom enjoy helping and working with older adults. This was confirmed in comments included in a number of the surveys returned to us.

The agency misreported a minimal number of meals to the Missouri Department of Health and Senior Services (DHSS) in years prior to 2007; however, these reporting errors have been resolved. In addition, any excess funding that the MEAAA received related to this situation appears to have been negligible.

The MEAAA receives a substantial amount of federal and state funding through the DHSS, much of which relates to its nutrition programs. As part of its monthly reporting responsibilities, the agency is required to report the number of meals it serves to senior citizens to the DHSS.

Prior to our audit and during the course of our audit fieldwork, concerns/allegations were both reported publicly and shared with us regarding the possible misreporting of meals provided by the MEAAA, especially related to certain situations or events. These concerns related specifically to holiday (Thanksgiving) meals provided to senior citizens by some local churches, meals provided at a certain senior citizen event (the Franklin County Silver Games), and meals provided using grant funds received from a local municipality. Those concerns/allegations reported or shared with us implied that the agency was intentionally overstating the number of meals reported to the DHSS to receive additional/excess funding from the state.

To investigate these concerns/allegations, it was necessary for us to obtain an understanding of the DHSS funding process and the impact the number of meals reported by the MEAAA has on the funding it receives. According to DHSS officials, while a portion of the federal and state monies distributed by the DHSS is based on a formula which considers the number of meals served, that amount is relatively minor (accounted for less than 10 percent of all funding received from the DHSS during fiscal year 2007). DHSS officials also indicated that if the agency has substantial involvement in the production and delivery of meals served to eligible seniors, those meals may be included in the number of meals reported to the state.

During November 2007, a controversy developed over what some individuals perceived as MEAAA's intent to improperly report meals to be provided by some local churches to senior citizens during the upcoming Thanksgiving holiday. To address this controversy, the MEAAA consulted with the DHSS regarding this situation, and determined that these meals should not be reported (and ultimately were not reported) to the DHSS because the MEAAA had no substantial involvement related to these meals. Because of the questions raised by this situation, the MEAAA subsequently conducted an internal review of similar holiday meals provided in previous years and did identify that some minor misreporting of meals had occurred. However, the number of meals over reported by the MEAAA totaled less than 300 meals and the related impact on funding received by the MEAAA was negligible. At the conclusion of its review, the MEAAA reported all of this information to the DHSS.

Our review of the meals reported related to those served at the Franklin County Silver Games as well as those provided using the grant funding identified no apparent problems. The MEAAA was substantially involved with the production and delivery of these meals; therefore, it appears appropriate for the agency to have included these meals among those reported. We discussed these situations with appropriate DHSS officials and they agreed with our conclusions in regard to these matters.

Based on our review of these concerns/allegations, it appears some minimal misreporting of meals to the DHSS occurred in prior years; however, any excess funding that the MEAAA received related to this was negligible. Further, the agency resolved these reporting errors in late 2007 by consulting with the DHSS.

**WE RECOMMEND** the MEAAA continue to monitor and properly report meals provided to the DHSS, especially those related to special or unusual situations/events. If questions arise in the future regarding the appropriateness of counting certain meals among those reported, the agency should again consult with the DHSS to ensure accurate reporting.

**AUDITEE'S RESPONSE**

*MEAAA will continue to work with DHSS to monitor the eligibility and proper reporting of meals, especially in special or unusual situations/events. If questions arise in the future regarding the appropriateness of counting certain meals among those reported, the agency will consult with DHSS to ensure accurate reporting.*

**3.**

**Senior Center in Pacific**

The MEAAA's decision to provide only limited financial support to the new senior center in the city of Pacific appears to have been a reasonable management decision, and therefore, we make no recommendation regarding this matter. However, we encourage the agency to continue to work with that senior center in pursuing other funding to meet its operating needs.

A controversial issue which existed prior to our audit, and continues to be a point of contention, has been the MEAAA's decision to provide only limited financial support to the new Tri-County Community Senior Center (Tri-County) located in the city of Pacific. This senior center, which opened in 2007, is not currently an MEAAA-operated senior center, but is a locally-funded and operated senior center. The city of Pacific is primarily located in Franklin County, but is on or near the border of both St. Louis and Jefferson counties. As part of our audit, we reviewed the circumstances surrounding the establishment of Tri-County and the funding decision made by the MEAAA.

Prior to 1993, the MEAAA operated a senior center in the city of Pacific. However, due to some structural and handicapped-accessible concerns related to the building where the senior center was located and the inability to find another suitable location within that

city, the MEAAA moved those senior center operations to the city of Eureka, which is located in St. Louis County.

Efforts to establish Tri-County occurred over a several year period, beginning in the late 1990s. Local Pacific-area seniors and other interested individuals decided they wanted a senior center in their community and worked to make it possible. The land for the senior center was donated and grants and other donations were received over several years to cover the cost of constructing the new senior center building. The MEAAA did not provide any funding for these efforts and was not involved in the development or construction of Tri-County. According to both MEAAA officials and the person who led in the establishment of Tri-County (a current Tri-County board member), at the time the decision was made to construct the new senior center, the MEAAA had made no commitment to provide financial assistance for the new center after it was built. However, even with this known, plans to build the new senior center proceeded.

During 2004, correspondence between the MEAAA and Tri-County resulted in a budget being submitted to the MEAAA regarding the proposed operating costs of the new senior center. In October 2004, after reviewing the proposed budget and after considering the level of funding resources available, the MEAAA Board of Directors committed to providing support to Tri-County once it opened in the form of catered meals. Tri-County was informed these meals would be prepared at a different location (likely the senior center at Eureka) and then transported to Tri-County to be served by volunteers in a congregate setting.

Since the opening of Tri-County in April 2007, the MEAAA has been catering approximately 30 congregate meals per day for program participants at the new senior center. The MEAAA has agreed to provide these 30 catered meals to Tri-County at no cost, while Tri-County is charged a specified amount for any meals needed above the 30 meals that MEAAA provides. According to the MEAAA, the annual cost of the daily congregate meals it provides to Tri-County totals over \$58,000. In addition to the congregate meals provided to Tri-County, the MEAAA also provides approximately 50 home-delivered meals daily to homebound seniors in the Pacific area.

Although the Tri-County was able to generate enough funding through grants, donations, and other local support to build the new senior center building, it has had difficulty obtaining funding from those sources to operate. Representatives of Tri-County as well as Pacific area officials and residents have repeatedly expressed frustration over the MEAAA's decision to only provide financial support for Tri-County through the catered congregate meals. Instead, it appears it is the desire of those individuals for Tri-County to become an MEAAA-operated senior center and have an on-site cooking operation. This scenario would result in the MEAAA covering the costs of the senior center operations, including rent, utilities, supplies and equipment, and personnel costs, in addition to raw food costs. According to MEAAA officials, if it were to take over operation of Tri-County as an on-site cooking center, it would cost the agency over \$110,000 annually (or approximately \$52,000 more than the current funding level). If that senior center would take over the responsibility for preparing and serving the home-

delivered meals in that area, the annual cost would exceed \$192,000 (or approximately \$134,000 more than the current funding level).

The MEAAA has cited current funding levels within the four-county region, as well as limited funding resources, as reasons for not making Tri-County an MEAAA-operated senior center. While MEAAA officials recognize that its agency is currently in good financial condition, it is their belief that any funding increases should be directed primarily to those areas that are currently underserved, particularly parts of St. Louis County.

The MEAAA prepared an analysis (using fiscal year 2006 data) comparing senior center funding provided by county to the population of seniors in those counties and determined that the funding being provided by the MEAAA is significantly disproportionate to the senior population in some counties, as presented in the table that follows.

Funding/Senior Population Comparison by County  
Year Ended June 30, 2006

<u>County</u>	<u>Funding</u>	<u>Percentage of Funding</u>	<u>Senior Population</u>	<u>Percentage of Senior Population</u>
Franklin	\$1,127,161	19.3	15,401	5.9
Jefferson	1,154,740	19.7	25,609	9.9
St. Charles	1,181,939	20.2	34,610	13.4
St. Louis	2,387,596	40.8	183,668	70.8

Note – We performed comparable analyses for fiscal years 2007 and 2008 and noted similar disparities between funding and population for the various counties.

As noted in the table above, at the time of this analysis the senior centers in Franklin County were receiving approximately 19 percent of the funding provided by the MEAAA in the four-county region, but that county only had about 6 percent of the senior population. The MEAAA receives most of its funding from state and federal monies distributed by the Missouri Department of Health and Senior Services (DHSS). Because there have been little or no funding increases from the DHSS in recent years, it would be difficult for the MEAAA to take over operations of a new senior center (such as Tri-County) without decreasing the funding levels currently being provided to other areas within the MEAAA's region.

While the MEAAA has conveyed its appreciation to Tri-County and its supporters for providing a senior center for residents of Pacific and the surrounding area, it is under no obligation to take over the operations of that senior center and absorb the related operating costs. During our review of this situation, we determined there are senior centers that exist in some communities that operate with little or no financial support from the area agency on aging (AAA) in that region.

In recent months, MEAAA officials have met with Tri-County and other public officials in that area to discuss various other funding alternatives to address the operating difficulties of the new senior center. These include, but are not necessarily limited to, pursuing grants from local governments or other organizations and the possible passage of a county-wide senior services property tax. The MEAAA has also indicated that Tri-County could submit a proposal to be a contracted senior center. As a contracted site, Tri-County would receive funding directly from the MEAAA and would then be responsible for using the funding to provide meals and to cover the costs of personnel, utilities, equipment, etc. However, the MEAAA has stipulated that any funding provided by that arrangement would be limited to the amount currently being incurred by the agency to cater meals to Tri-County.

It should be noted that during the 2007 legislative session, the state legislature appropriated \$50,000 to the DHSS to be used to help pay operating costs of the new senior center in Pacific. This appropriation helped to pay operating costs of Tri-County during its first year of operations. During the most recent legislative session, the legislature again approved an appropriation (this time in the amount of \$25,000) for funding the senior center's operating costs in its second year.

The MEAAA, like other AAAs in the state of Missouri, is responsible for developing and administering a plan for a comprehensive and coordinated system of services for the elderly in its region. The agency's decision to provide only limited financial support to Tri-County appears to have been a reasonable management decision made within its discretion, and therefore, we make no recommendation regarding this matter. However, we encourage the MEAAA to continue to work with Tri-County in pursuing other funding to meet that senior center's operating needs.

### **AUDITEE'S RESPONSE**

*The board of directors of MEAAA and staff will continue developing and administering plans for a comprehensive and coordinated system of services for the elderly in its four-county area. In addition to the 30 daily average congregate meals which MEAAA provides for the Tri-County Senior Center, MEAAA also provides approximately 50 home-delivered meals daily to homebound seniors in the Pacific area, with no assistance from the Tri-County Senior Center. The auditors noted the limited funding resources available for MEAAA and the disproportionately high percentage of MEAAA funding currently provided for Franklin County, whose 60 and older residents make up only 6% of the MEAAA region's total senior population. The MEAAA board will continue to review areas of the planning and service area that are underserved for funding increases.*

*MEAAA will also continue to work with Tri-County Pacific Senior Center within the available funding constraints. MEAAA will continue to work with the center to identify other external funding sources in the same manner that we work with other community groups and organizations.*

**4.****Procurement of Goods and Services**

The MEAAA has not established a comprehensive procurement policy and proposals related to the agency's banking services have not been solicited for a number of years.

- A. The MEAAA competitively procures its major commodity and service contracts (such as its primary food supplier and transportation provider) through a request for proposals (RFP) process, and it appears the agency generally makes an effort to solicit competitive bids for other goods and services. However, the agency has not established a comprehensive procurement policy which provides specific guidelines regarding the appropriate/necessary purchasing procedures and documentation to be maintained. The agency's current procurement policy states that purchases in excess of \$1,000 shall be supported by three well documented bids; however, there is little or no specific guidance regarding how the bids are to be obtained or the documentation to be maintained. As a result, concerns were noted regarding some purchases made by the agency.

Various expenditures were noted in which competitive bids or proposals were not solicited and/or bidding documentation was not retained in accordance with the agency's policy. Examples include the following:

<u>Item</u>	<u>FY07 Annual Purchases</u>
Purchases from four local food vendors	\$180,855
Health care supplies and equipment from one supplier	157,264
Pest control services	7,210

<u>Item</u>	<u>Individual Invoice Total</u>
Table and chair rental for a Senior Fair	\$2,919
Installation of kitchen equipment	2,056
Window air conditioners (20 units)	1,799
Dryer, stove, refrigerator/freezer	1,156

As noted above, during the year ended June 30, 2007, over \$180,000 was paid to several local food vendors other than the agency's primary food supplier. Although the primary vendor supplies most food items to the senior centers, purchases are also made from these local vendors for such items as dairy, produce, and baked goods. Agency officials indicated the local vendors are used because the items are fresh, sometimes at a lower cost, and more convenient because they can supply smaller quantities with more timely delivery. However, it appears bids are not obtained for any of the food items purchased from the local food vendors. In addition, no documentation was maintained to support why the

local vendors were used rather than the board-approved primary food supplier, nor were there any written contracts or agreements with these local vendors.

For some of the other purchases noted above, agency officials indicated that bids had been obtained; however, documentation supporting these bids was not maintained. In addition, for other purchases (such as the air conditioners), we were told that bids were not obtained because the individual items/units purchased did not exceed the \$1,000 bidding threshold.

In addition to the expenditures noted in the above table, we noted instances where the agency obtained telephone quotes for significant purchases, whereas formal bids may have been more appropriate. Examples include the purchase of two copy machines for \$19,200 and exercise equipment for \$8,424. Considering the higher cost of these items, it appears the agency should have at least obtained written bids for these purchases, and possibly considered advertising for bids.

The procurement of competitive bids for significant expenditures helps ensure that the agency receives fair value by contracting with the lowest and/or best bidders. The MEAAA's current bidding procedures could be made more effective by establishing a comprehensive policy identifying the manner in which bids should be obtained and including documentation requirements. Bids can be handled by telephone quotation, written quotation, sealed bid, or advertised sealed bid. Written documentation of bids also provides evidence that the agency has complied with its procurement policy. Bid documentation should include a list of vendors contacted, a copy of the bid specifications, copies of all bids received, justification for awarding the bid, support for decisions made, and documentation of discussions with vendors. In addition, written contracts or agreements are necessary to ensure all parties are aware of their duties and responsibilities and to prevent misunderstandings. Written contracts should specify the services to be rendered and the manner and amount of compensation to be paid.

- B. The MEAAA has not formally solicited proposals for its banking services since at least 1999. Agency officials indicated its current banking services and related fees are occasionally compared to those of other financial institutions; however, no documentation is maintained to support these comparisons. According to information presented in the agency's last two financial audits, the MEAAA paid over \$30,000 in service charges to its bank during the two years ended June 30, 2007.

The agency should solicit formal proposals for its banking services on a periodic basis. Doing so will help ensure the banking services received, as well as the costs of those services, are reasonable and competitive.

**WE RECOMMEND** the MEAAA:

- A. Establish a comprehensive bid policy which provides appropriate bidding guidelines related to the procurement of all good and services. Such a policy should include criteria on how bids are to be solicited as well as documentation requirements. In addition, the agency should ensure written contracts are prepared to formalize any purchase or service agreements entered into.
- B. Solicit formal proposals for banking services on a periodic basis.

**AUDITEE'S RESPONSE**

- A. *The agency will improve its present procurement policy by providing comprehensive, specific procedures for purchasing items that are over \$1,000 or if the total procurement is over \$1,000 for a six month period in the following manner:*
  - 1) *Telephone bids will only be allowed for items or total invoices between \$1,000-\$2,000. The telephone bids will include the detail documents received by e-mail or fax from the potential supplier, which will be attached to the purchase order and filed in the accounts payable records.*
  - 2) *Formal bids will be required for those items costing \$2,000-\$7,999 or total invoice costing \$2,000-\$7,999. The bid package will include a complete description of the items being procured, installation costs, shipping & handling charges, setup fees, and any other miscellaneous charges. A minimum of 3 bids will be normally required. If 3 bids cannot be obtained, documentation of the reasons will be attached to the purchase order.*
  - 3) *Sealed, written bids will be required for all items at/or over \$8,000. Specific, detailed bid specifications will be prepared. Bids must be submitted at least every 3 years and may be submitted more frequently at the discretion of the agency. Information on the bids will be posted on the agency website. Advertising in a local newspaper will be evaluated. The agency will update the current policies pertaining to food and supply purchases at the senior centers. The revised policies will include specific and additional criteria on how bids for senior center food and supply purchases are solicited and requirements for documentation. The primary vendor purchase agreement for senior center food and supplies shall be formalized in a written contract. The agency will document the necessity of purchasing small quantities of perishable foods such as dairy, produce, and baked goods from local vendors and submit a proposal to the MEAAA board of directors for approval. Purchasing these perishable items from local vendors provides fresher foods for our senior meals. In addition, it minimizes the amount of refrigerator and freezer space required for storage of perishable foods at each senior center, reducing equipment and energy expenses.*

- B. *The agency is in the process of developing specific, detailed bid specifications to solicit formal proposals for banking and financial services for the central office during the fall of 2008, with the goal of adoption effective January 1, 2009. The agency has 24 different locations within the four-county area for the senior centers and location will be a factor in the banking services related to the senior centers. Obtaining financial institution/bank bids will occur at a minimum on the 3-year cycle.*

**5.**

**Capital Assets**

Various concerns were noted regarding the MEAAA's capital asset records and related procedures. Dispositions of capital asset items are not always removed from the capital asset listing in a timely manner. In addition, formal physical inventory procedures regarding the agency's capital assets have not been established and the current procedures are not adequate. Also, an agency-owned vehicle has not been utilized in recent years.

- A. Dispositions of capital assets are not always removed from the capital asset listing in a timely manner. Over 100 capital asset items disposed of during fiscal year 2007, with a total purchase cost of approximately \$120,000, had not been removed from the agency's capital asset listing as of June 30, 2007, the end of the fiscal year. Disposal request forms for these assets were prepared in May 2007; however, those forms were not submitted to the fiscal department to be recorded until March 2008.

Records of capital assets should be maintained on a perpetual basis, accounting for property acquisitions and dispositions as they occur. Complete and accurate capital asset records are necessary to ensure better internal control over property, provide a basis for proper financial reporting, and for determining proper insurance coverage.

- B. Formal physical inventory procedures regarding the agency's capital assets have not been established, and we determined the procedures in this area are not adequate. Although a physical inventory of capital assets located at senior centers was performed in May 2007, the results of this inventory were not reconciled to the agency's capital asset listing. In addition, no recent physical inventory of the property items at the agency's central office had been conducted, and agency personnel were uncertain if a physical inventory of central office property items had ever been performed.

To ensure capital asset items are adequately safeguarded and accounted for, formal physical inventory procedures should be established. These procedures should require an annual physical inventory of all property items and a reconciliation or comparison of the physical inventory to the capital asset listing. Such procedures would help to identify unrecorded additions and dispositions, identify obsolete assets, and deter and detect the theft of assets.

- C. A recreational vehicle purchased by the agency in 1996 has not been utilized in recent years. After the vehicle was acquired, it was modified for medical use and it served as a mobile unit for health screenings and medical exams. This vehicle was acquired new at a cost of \$79,600, and as of April 2008, the vehicle's odometer indicated it has been driven approximately 9,800 miles. We observed this vehicle and found that, although the vehicle was generally in good condition, some signs of deterioration and disrepair were becoming evident.

MEAAA officials indicated it has been approximately three years since the vehicle was last used for program purposes. They indicated the agency discontinued using the vehicle because of uncertainty regarding whether funding would be received for the related program in recent years. Because of this funding uncertainty, the agency had not pursued hiring another driver for the vehicle when the previous driver left the agency's employment.

The likelihood of future usage of this vehicle should be reviewed. If the agency determines it does not need this vehicle, it should be disposed of in a timely manner while it still has some value.

**WE RECOMMEND** the MEAAA:

- A. Maintain perpetual records of all capital assets which are updated for purchases and dispositions as they occur.
- B. Establish formal physical inventory procedures related to its capital assets which require that annual physical inventories of all property items be conducted and be reconciled to the capital asset records.
- C. Determine whether the agency's recreational vehicle will be used effectively for future programs/operations. If this vehicle can not be used efficiently and effectively, the agency should take action to dispose of this vehicle.

**AUDITEE'S RESPONSE**

- A. *MEAAA has corrected the records of all capital assets by updating the purchases and disposal of all assets and their locations and will continue to do so in a timely manner.*
- B. *MEAAA is in the process of developing specific formal inventory procedures concerning all capital assets to include reconciling to the capital asset listing. A complete physical inventory of all property items at all sites, including the central office, has been completed. Finalizing the reconciliation to the capital inventory is in process and will be completed on an annual basis.*
- C. *The vehicle is now part of the agency disaster plan and, as such, will be utilized as needed as part of that plan.*

**6.****Controls over Receipts**

Controls over program contributions related to home-delivered meals need to be improved. In addition, an initial receipts log is not maintained for monies received at the central office, including those received through the mail.

- A. The MEAAA's nutrition programs include those related to congregate meals (hot meals provided to participants at the agency's senior centers) and home-delivered meals (meals provided to homebound senior citizens). Both programs generate program income, which consists of voluntary contributions/donations by the program participants to help offset the cost of the meals. The controls that have been established over program income from congregate meals generally appear to be effective; however, the controls related to home-delivered meal program income are relatively weak and that program income may be at risk. According to the agency's audited financial statements, for the fiscal year ended June 30, 2007, the MEAAA received approximately \$376,800 in program income/contributions related to the home-delivered meals program.

There is a general lack of segregation of duties related to the handling of collections from home-delivered meals, with an individual employee or volunteer generally being responsible for delivering meals to certain homebound participants, collecting any contributions from those participants, and for turning the monies collected over to the applicable senior center. Due to program restrictions, which require confidentiality regarding voluntary contributions, no records are maintained to monitor individual participant contributions. In addition, it does not appear any procedures have been established by the agency or the individual senior centers to analytically compare collections related to home-delivered meals by senior center or by delivery route.

To safeguard against possible loss or misuse of funds, internal controls should provide reasonable assurance that all receipts are properly accounted for and turned over for subsequent deposit. The MEAAA should evaluate the controls over the collection and handling of home-delivered meal contributions and determine how those controls might be improved. In addition, the agency should also consider establishing procedures to analytically review these program contributions on a periodic basis in an effort to provide some assurance that all contributions are properly collected and deposited.

- B. An initial record or log of receipts is not maintained for monies collected by the receptionists at the agency's central office, including monies received by mail. Such monies, which generally represent donations and program contributions, sometimes pass through various employees before being recorded and subsequently deposited.

To reduce the risk of loss or misuse of funds, all monies initially received at central office, including receipts received through the mail, should be recorded on an initial receipts log before being distributed for further processing. In addition, this initial receipts log should be subsequently reconciled with deposits to ensure all monies received and recorded on the log have been accounted for properly.

**WE RECOMMEND** the MEAAA:

- A. Review the controls over the collection and handing of program contributions related to the home-delivered meals and determine how those controls can be improved.
- B. Establish an initial receipts log for monies received at central office, including mail receipts. This receipts log should be periodically reconciled to deposits.

**AUDITEE'S RESPONSE**

- A. *The agency will continue to monitor the process for the potential for improving controls over receipts. As stated in the audit, the Older Americans Act, which governs the agency's federal funding, requires the opportunity for customers to give a confidential voluntary donation for agency services, including home-delivered meals. Different methods to provide controls have been utilized. Very few volunteers are able or available to go out together to deliver meals. Finding enough single volunteers to cover the meal routes is very difficult. When agency staff (also usually a single person) deliver meals in an agency vehicle, locked boxes were tested in the past to determine if the boxes made a difference in the level of donations. No difference was found. Plain, small envelopes are provided for customers to use to make their voluntary contributions, if desired. Family members of the customers, as well as the customers, have been contacted explaining the opportunity to pay by check via mail. Many still continue to give daily donations via the volunteer or staff person delivering the meals. While the customers have the opportunity to mail in donations on a weekly or monthly basis, it would be a hardship on many if they had to purchase stamps to mail donations on a regular basis.*
- B. *The agency has implemented a receipts log for monies received at the central office, including mail receipts which will be periodically reconciled to deposits.*

<b>7. Volunteer Background Checks</b>
---------------------------------------

Background checks have not been conducted for volunteers who assist in agency programs.

According to a survey of senior centers conducted by the MEAAA in December 2007, approximately 1,400 volunteers are actively participating in senior center operations, involving primarily clerical and meal service/delivery activities. Approximately 750 of

these volunteers work within the home-delivered nutrition program. Volunteer activities related to this program may involve direct contact between a volunteer and a senior program participant in the senior citizen's home. In addition to delivering meals to the participant, the volunteer may be responsible for handling program contribution monies received from the participant. While the agency performs background checks on all employees, at the time of our review background checks were not being conducted for any volunteers.

Considering the close personal interaction that may occur between volunteers and the senior citizens (in many cases in the participant's home), conducting background checks on all volunteers may be necessary and would help ensure the safety and well-being of the senior citizens who participate in the agency's programs. In addition to a criminal background check, a Family Care Safety Registry background check may also be appropriate. Missouri's Family Care Safety Registry was established by law to protect children, elderly, and the physically or mentally disabled and to promote family and community safety by providing background information about potential caregivers. While there is not currently a statutory requirement that background checks be conducted for MEAAA volunteers, DHSS officials indicated that they believe such background checks for the volunteers are necessary. At a minimum, the MEAAA should have background checks conducted for those volunteers who work in the home-delivered nutrition program.

It appears the agency has recognized the benefits and possible need for volunteer background checks, but it has had concerns about the cost involved in having the background checks conducted. The MEAAA estimates it will incur an initial cost of \$10,000 to \$12,000 to conduct background checks on volunteers who assist with home-delivered meals and additional costs annually thereafter for new volunteers. However, during a March 2008 meeting, the Board of Directors authorized the agency to proceed with the process of implementing background checks for home-delivered nutrition program volunteers, particularly those volunteers who have direct contact with program participants at their homes.

**WE RECOMMEND** the MEAAA proceed with having background checks conducted for volunteers, particularly those volunteers who assist with the home-delivered nutrition program.

### **AUDITEE'S RESPONSE**

*MEAAA is proceeding with background checks on home-delivered meals volunteers. All new home-delivered meals volunteers are currently checked as of July 1, 2008, and the current volunteers background checks have begun. The agency will review the need for background checks on other volunteers.*

No minutes are maintained for closed meetings held by the agency's board of directors or the board's executive committee. Also, the minutes for open meetings are not signed by the preparer or approved by the designated board officials in a timely manner. In addition, the agency needs to improve its policies and procedures regarding record requests.

- A. Minutes are not maintained of closed session meetings of the agency's board of directors or those of the board's executive committee. While the open session minutes indicate when a meeting is being closed as well as the reason(s) for closing the meeting, the proceedings of the closed session are not documented through minutes, as required.

Section 610.020, RSMo, requires minutes be kept for all closed meetings. In addition, Section 610.022, RSMo, provides that governing bodies shall not discuss any other business during the closed meeting that differs from the specific reasons used to justify such meeting, record, or vote. Without minutes of closed meetings, there is no record of the discussions held or support for any decisions made, and less assurance that various statutory provisions are being followed.

- B. Minutes of open session meetings held by the board of directors and the board's executive committee are prepared by the executive secretary of the MEAAA and the board president and board secretary subsequently sign the prepared minutes to provide an independent attestation as to the minutes' accuracy. However, the executive secretary does not sign the minutes as preparer and the minutes are not always signed by the board president and board secretary in a timely manner. For example, minutes for all the meetings held between October 2006 and August 2007, were not signed by the board president and board secretary until September 2007.

To properly document the preparation and timely approval of the official minutes and ensure their accuracy, these records should be signed by the executive secretary as the preparer and approved by the designated board official(s) shortly after the meeting is held.

- C. The agency's policy and procedures regarding public access to agency records need to be improved to ensure compliance with provisions of Chapter 610, RSMo, commonly referred to as the Sunshine Law. The current policy indicates the custodian of records shall respond to all information requests within the time period provided by state law. However, this policy does not include any provisions for documenting the requests received. The agency does not currently maintain a record documenting information requests received, if any, or copies of records provided; therefore, the proper handling of any Sunshine Law information requests could not be determined. In addition, agency officials indicated that four

cents per page is charged for copies of records requested; however, this charge is not documented in the applicable policy.

Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received. To ensure it is complying with this statute and other provisions of the law, the MEAAA should revise its current policy in this area to require that a record documenting information requests be maintained, and include procedures for handling such requests and a schedule of costs to be charged.

**WE RECOMMEND** the MEAAA:

- A. Ensure minutes are maintained to document matters discussed and decisions made in closed meetings.
- B. Ensure board minutes and executive committee minutes are signed by the executive secretary as preparer and signed by the designated board official(s) in a timely manner to attest to their completeness and accuracy.
- C. Revise the current records policy to ensure compliance with applicable state laws. This policy should require that a record documenting information requests be maintained, and include procedures for handling such requests along with a schedule of costs to be charged.

**AUDITEE'S RESPONSE**

- A. *The agency will maintain closed session minutes in a locked file in the executive secretary's office to assure compliance with the state statute requirements.*
- B. *The agency records open session meetings. MEAAA will have the executive secretary sign as the preparer of the minutes and obtain a signature from the designated board official within 10 working days of the date of the meeting.*
- C. *A log of requests for public records information has been implemented and will be maintained by the custodian of records. The agency policy for handling public records requests will be revised to include date of request, cost of copies, any other costs related to the provision of public records, and the date of response to the request to ensure compliance with applicable state laws.*

HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

MID-EAST AREA AGENCY ON AGING  
HISTORY, ORGANIZATION, AND  
STATISTICAL INFORMATION

As a result of 1973 amendments to the federal Older Americans Act, each state was required to divide its respective state into planning and service areas, and to designate "area agencies on aging" (AAAs). These AAAs develop and implement programs and services for older persons at the local level. Pursuant to this federal mandate, in 1973 the Mid-East Area Agency on Aging (MEAAA) was established as a non-profit corporation to develop a comprehensive, coordinated service system for older persons in the four-county region of Franklin, Jefferson, St. Charles, and St. Louis counties.

The Missouri Department of Health and Senior Services (DHSS) has designated ten AAAs throughout the state (including the MEAAA) to provide needed services to the elderly within their respective planning and service areas. This department is responsible for administering the federal and state funding which is provided to these agencies.

To receive DHSS funding, each AAA must submit an Area Plan to the DHSS annually which outlines the needs of older Americans within their planning service area, identifies services the AAA will provide to address those needs, and includes a budget to support the costs of those services. Priority services are determined by utilizing public hearings, customer surveys, advisory councils, and other available information. The Area Plan is reviewed by DHSS and, upon approval, a contract is awarded to the AAA based on the state's fiscal year.

The MEAAA is governed by a 23-member board of directors. In addition, a 24-member advisory council assists the board in the development and administration of the MEAAA's Area Plan and the delivery of nutrition and support services. The membership of the board of directors and advisory council represents all four counties in the MEAAA's service area, and most members are age 60 or older. The board and council members serve without compensation, but may receive reimbursement for any expenses incurred in performing their duties. As of December 31, 2007, the officers of the board of directors consisted of the following:

Name	Position	County Represented
Charles Heisler	President	Jefferson County
Lester Bohle	1st Vice President	Franklin County
Arthur L. Visor	2nd Vice President	St. Louis County
Gene Maggard	Secretary	St. Louis County (1)
Ronald Bauers	Treasurer	St. Charles County

(1) Gene Maggard resigned in March 2008 and Rosemary Terranova was elected Secretary.

The executive committee, which is elected by the board of directors, is made up of the five officers and two other board members (including the past president, if still a member of the board). The executive committee has the powers of the board between meetings, subject to ratification by the full board of directors. The executive committee is also responsible for setting objectives for and evaluation of the Executive Director.

An Executive Director, who is appointed by the board of directors, serves as the top administrative official of the agency. The Executive Director is responsible for administering policies set by the board of directors and for advising the board regarding funding sources, laws/regulations, and the possible impact of these on current and future agency activities. Mary E. Schaefer has served in this position since July 1, 2002. Other top administrative officials are responsible for various other duties/functions. The individuals who served in these positions as of December 31, 2007, and their annual salaries, based on compensation paid at that date, were as follows:

Name	Position	Annual Salary
Mary E. Schaefer	Executive Director	\$ 83,242
John Gamache	Director of Planning and Development	59,093
Jamie Opsal	Director of Senior Centers	55,910
Lisa Beatty	Director of Case Management	46,592
John Klos	Fiscal Officer	55,016

The MEAAA provides, either directly or through contracts with other agencies, the needed services for older adults in its service region. All programs are directed toward meeting the mandate of the Older Americans Act to help older adults to maintain their highest level of independence. These programs have been chosen based on recommendations of the advisory council, a past needs assessment, and public hearings held in the four-county area.

Nutrition programs for senior citizens are also provided by the MEAAA. The purpose of these programs are to provide nutritious meals either in a congregate setting or home-delivered; nutrition counseling; and to encourage socialization and participation in activities at the multipurpose senior centers. Currently, the MEAAA operates 25 senior centers and contracts for an additional 3 senior centers. For the year ended June 30, 2007, expenditures for the Congregate Nutrition Program and the Home-Delivered Nutrition Program totaled over \$1.6 million and \$4.2 million, respectively. These two programs comprised approximately two-thirds of the MEAAA's total expenditures during that year.

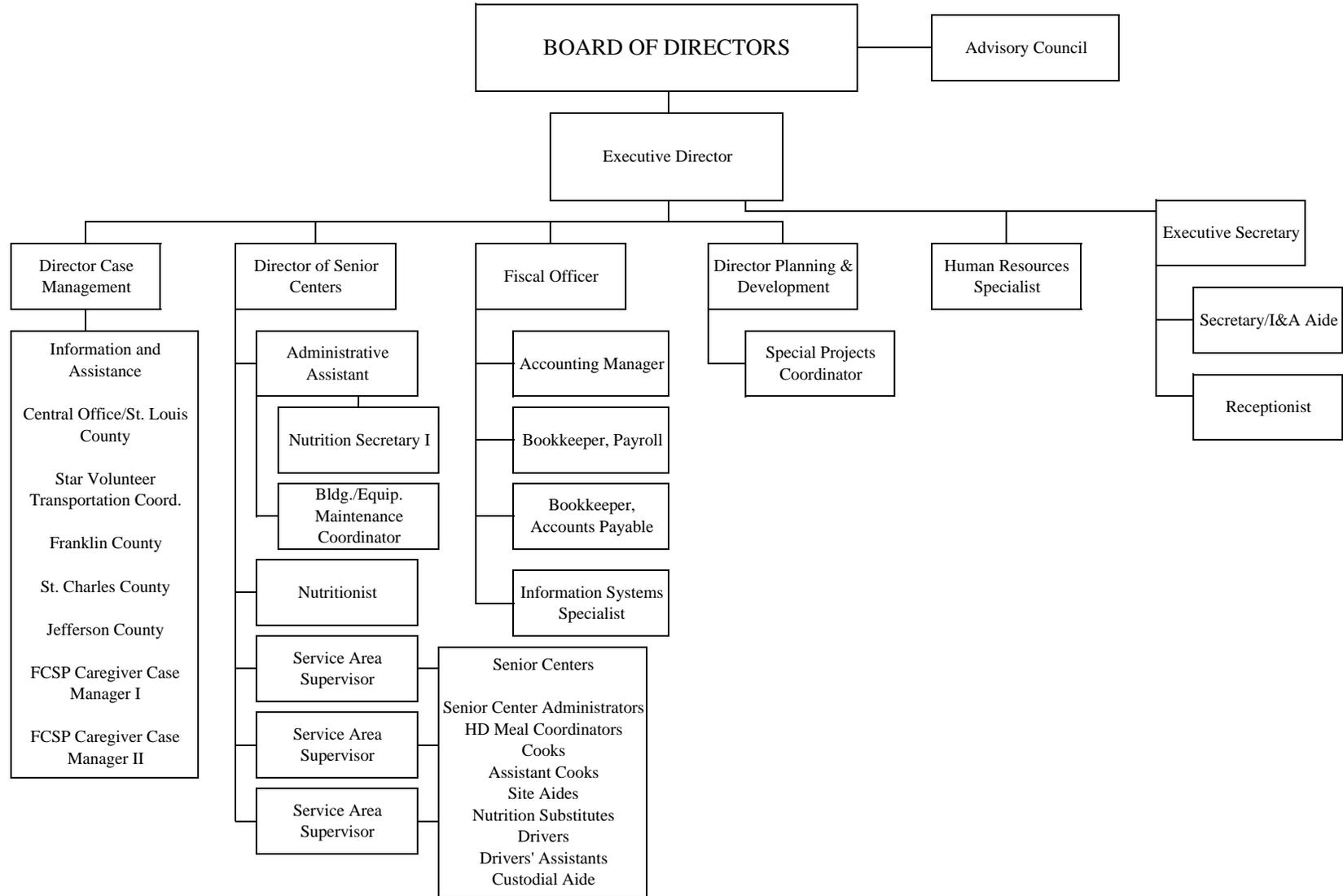
Contracted services currently include adult day care, ombudsman services, long-term care information, legal services, and transportation. The MEAAA also operates an energy assistance program working with a local utility.

The agency is active in several volunteer programs to improve services to the frail elderly. These programs include Tax Counseling for the Elderly, the Silver Haired Legislature advocacy group, and the Christmas Day Meals Project. Local schools are working with the MEAAA through the Adult and Children Together Program, matching senior citizens with first graders.

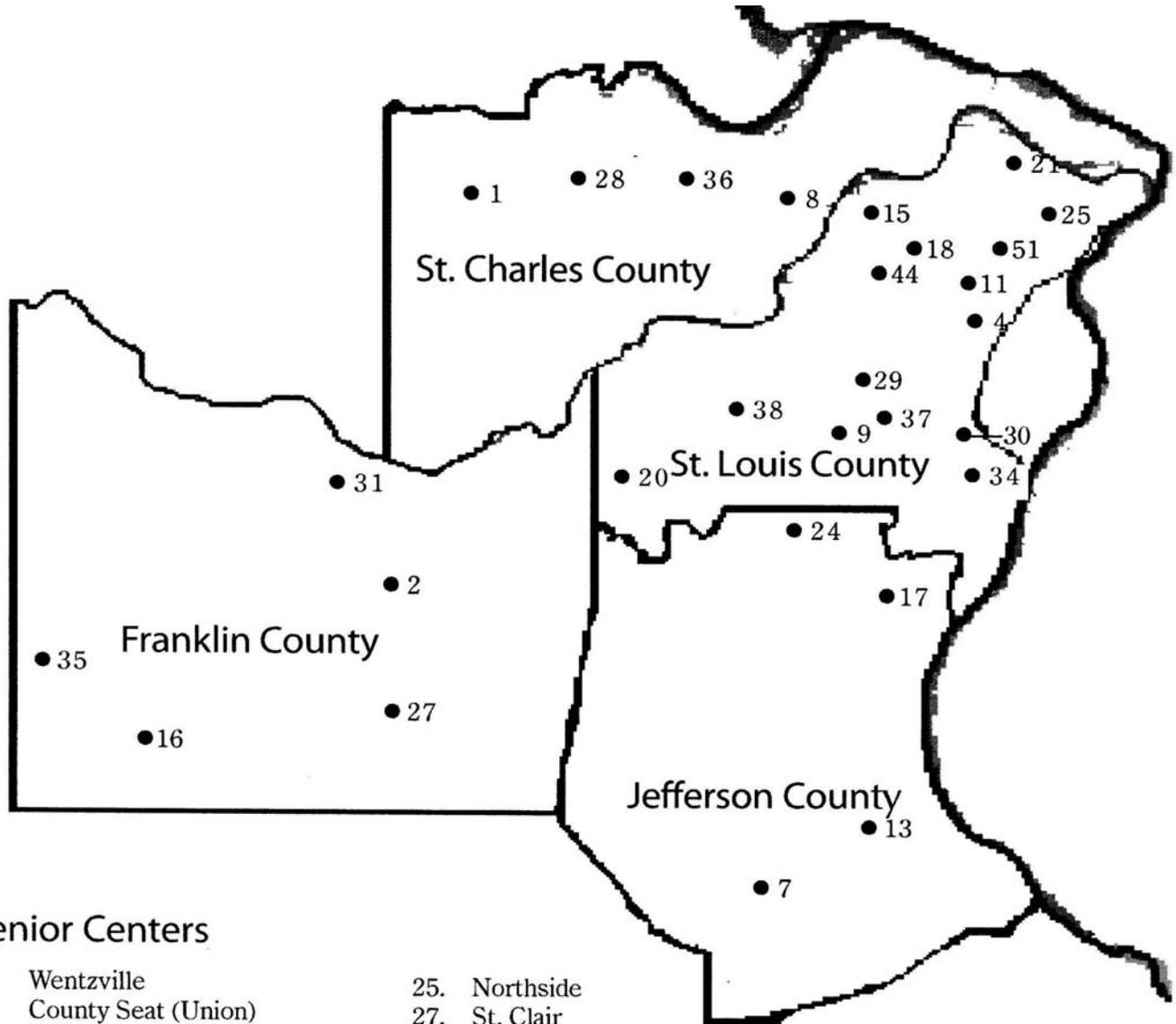
The MEAAA targets services to older adults at all levels of mobility. These services are provided by approximately 145 employed staff members and over 1,400 dedicated volunteers. The individual and collective mission of these employees and volunteers is to improve the lives of older adults who reside in MEAAA's four-county service area.

An organization chart, a map of the agency's planning and service area, and financial information follow.

MID-EAST AREA AGENCY ON AGING  
 ORGANIZATION CHART  
 JUNE 30, 2007



MID-EAST AREA AGENCY ON AGING  
 PLANNING AND SERVICE AREA AND LOCATION OF SENIOR CENTERS  
 MAY 2008



Senior Centers

- |                                       |                                  |
|---------------------------------------|----------------------------------|
| 1. Wentzville                         | 25. Northside                    |
| 2. County Seat (Union)                | 27. St. Clair                    |
| 4. Ochs (University City)             | 28. O'Fallon                     |
| 7. De Soto                            | 29. Webster Groves*              |
| 8. St. Charles                        | 30. Affton                       |
| 9. Kirkwood                           | 31. Washington                   |
| 11. Crown Center (University City)*   | 34. South County (Lemay)         |
| 13. Quad Cities (Festus)              | 35. Gerald*                      |
| 15. Bridgeton                         | 36. St. Peters                   |
| 16. Sullivan                          | 37. Shrewsbury                   |
| 17. Arnold                            | 38. West County (Manchester)     |
| 18. No. County Senior Towne (St. Ann) | 44. Covenant House (Creve Coeur) |
| 20. Route 66 (Eureka)                 | 51. St. Jane                     |
| 21. Pope John Paul II*                |                                  |
| 24. High Ridge                        |                                  |

\*satellite center

Note: Senior centers were assigned numbers sequentially as they opened. Some centers have closed or co-located over the years. This is why there are breaks in the number sequence.

Appendix

MID-EAST AREA AGENCY ON AGING  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 NET ASSETS

	Year Ended June 30,	
	2007	2006
<b>REVENUES</b>		
Missouri Department of Health and Senior Services	\$ 7,566,873	7,382,516
Missouri Department of Transportation	165,105	200,000
Missouri Department of Social Services	72,840	72,702
Program income	940,550	947,473
Interest income	100,172	71,419
Other Cash - DHSS match	401,778	274,238
Other Cash - Non DHSS match	45,330	122,009
Total Revenues	<u>9,292,648</u>	<u>9,070,357</u>
<b>EXPENDITURES</b>		
Administration	873,940	858,288
Supportive Programs	1,283,064	1,249,275
Ombudsman Program	83,615	92,608
Congregate Nutrition Program	1,631,034	1,679,217
Home-Delivered Nutrition Program	4,207,119	3,706,962
Disease Prevention & Health Promotion Program	56,330	86,199
Family Caregiver Program	646,250	549,786
Older Adults Community Service Employment Program	38,543	499,240
Special Program	79,101	181,399
Total Expenses	<u>8,898,996</u>	<u>8,902,974</u>
CHANGE IN NET ASSETS	393,652	167,383
NET ASSETS - Beginning of year	<u>3,098,931</u>	<u>2,931,548</u>
NET ASSETS - End of year	<u>\$ 3,492,583</u>	<u>3,098,931</u>

Note: At June 30, 2007 and 2006, Net Assets included Cash of \$2.2 million and \$2.1 million, and Capital Assets (net of accumulated depreciation) of \$1.4 million and \$1.5 million, respectively.

Source: The MEAAA's annual financial statement audits.