



HUMAN
RESOURCES
AGENCY
COUNTY OF SANTA CRUZ

ADMINISTRATION
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May 20, 1998

Agenda: June 2, 1998

BOARD OF SUPERVISORS
County of Santa Cruz
701 Ocean Street
Santa Cruz, California 95060

SENIORS COUNCIL/AREA AGENCY ON AGING

Dear Members of the Board:

On April 14, 1998, your Board received a status report regarding the California Department of Aging's audits of the Seniors Council/Area Agency on Aging. As you may recall, in February the Department of Aging issued its final audit determinations indicating that the Seniors Council must repay a total of \$115,478 in funds from the Title III, Senior Companion, and Foster Grandparent programs administered by the agency. In March, the Department of Aging denied the Seniors Council's request to re-open the audits and reconsider its findings, and stated that no further administrative appeals were available under the law governing these grant programs. Since that time, the Seniors Council has been negotiating with the Department of Aging regarding a corrective action and repayment plan. In addition, the Council has been consulting with legal advisors to determine whether any further avenues of appeal may be available. On April 14, 1998, Your Board directed staff to return on today's agenda to provide a report on the progress of these efforts.

Corrective Action/Repayment Plan

In order to retain its eligibility to receive State and federal funds for senior services, the Seniors Council is required by the State to submit a corrective action plan acceptable to the Department of Aging. Representatives of the Seniors Council have held a series of discussions with the Department of Aging regarding the required corrective action plan. According to the Department, the plan must include a detailed schedule for repayment of the \$115,478 in audit liabilities. On May 15, the Seniors Council submitted to the Department of Aging a proposed corrective action plan, which includes various actions to be taken by the Seniors Council to address compliance issues raised by the State. In addition, the plan includes a proposed repayment schedule in which the Seniors Council agrees to repay the \$115,478 in semi-annual installments over a period of four fiscal years. The final payment would be due in 2001.



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If the audit findings continue to be upheld, the Seniors Council will repay the required funds to the State entirely out of private funds donated to the Council as restricted contributions, earmarked for the purpose of addressing the audit liability. Based on anonymous donations received for this purpose to date, the Seniors Council anticipates that it will be able to meet the repayment schedule specified in the proposed corrective action plan.

Additional Avenues of Appeal

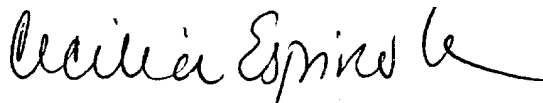
In recent weeks, the Seniors Council's first priority in responding to the audit has been to satisfy the State's requirement for a corrective action plan in order to prevent any interruption in the provision of funds for senior services. In addition, the Council continues to investigate potential avenues of appeal that might provide relief from a portion of the audit liabilities. Currently, the Seniors Council is exploring the possibility of appealing directly to the State Health and Welfare Agency, which administers the Department of Aging, as well as taking legal action to seek a judicial injunction to overturn the audit findings and prevent the State from withholding future funds. The Seniors Council is continuing to consult with legal counsel and has not yet reached a decision regarding which, if any, of these actions to pursue.

Executive Leadership of the Seniors Council

As you may recall, the Seniors Council Executive Director has submitted her resignation effective June 30, 1998. As part of an overall strategic restructuring plan, the Council has conducted an extensive search for a new Executive Director, and received applications from a number of qualified candidates. The Board of Directors is currently engaged in negotiations with its first-choice candidate, and is hopeful that this candidate will accept the position. The outcome of the hiring process is likely to be known prior to your Board's meeting on June 2, and an update will be provided at that time.

IT IS THEREFORE RECOMMENDED that your Board accept and file this report on the Seniors Council/Area Agency on Aging.

Very truly yours,

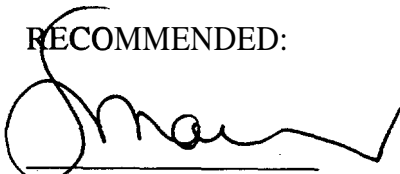


CECILIA ESPINOLA
Administrator

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RECOMMENDED:



Susan A. Mauriello
County Administrative Officer

cc: County Administrative Officer
Auditor/Controller
County Counsel
Seniors Council