



**STATE OF ILLINOIS
DEPARTMENT OF
CHILDREN AND FAMILY SERVICES**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2018

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

An abstract background featuring a complex, overlapping geometric pattern of lines and shapes in shades of gray and white, creating a sense of depth and movement.

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DEPARTMENT OF CHILDREN AND FAMILY SERVICES
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AGENCY OFFICIALS

Acting Director	Marc D. Smith (April 15, 2019 – present) Debra Dyer-Webster (February 16, 2019 – April 14, 2019) Beverly J. Walker (June 26, 2017 – February 15, 2019) Lise Spacapan (June 15, 2017 – June 25, 2017)
Director	George H. Sheldon (through June 14, 2017)
Chief Deputy Director	Debra Dyer-Webster (April 15, 2019 – present) Vacant (February 16, 2019 – April 14, 2019) Debra Dyer-Webster (September 16, 2017 – February 15, 2019)
Acting Chief of Staff	Steve Minter (February 26, 2019 – May 5, 2019)
Chief of Staff	Denice Murray (May 6, 2019 – present) Vacant (February 26, 2019 – May 5, 2019) Emily Monk (April 16, 2018 – February 25, 2019) Vacant (April 11, 2018 – April 15, 2018) Laura Roche (through April 10, 2018)
Acting Chief Fiscal Officer	Royce Kirkpatrick (September 1, 2018 – present)
Chief Fiscal Officer	Matt Grady (through August 31, 2018)
General Counsel	LaShawn Eddings (October 19, 2018 – present) Lise Spacapan (through October 18, 2018)
Chief Internal Auditor	Kenneth Hovey (April 1, 2018 – present)
Acting Chief Internal Auditor	Denise Caldwell (through March 31, 2018)

Department administrative offices are located at:

406 East Monroe
Springfield, Illinois 62701

100 West Randolph, Suite 6-100
Chicago, Illinois 60601

MANAGEMENT ASSERTION LETTER

May 17, 2019

Sikich LLP
3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Department of Children and Family Services. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Department of Children and Family Services' compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2017 and June 30, 2018, the State of Illinois, Department of Children and Family Services has materially complied with the assertions below.

- A. The State of Illinois, Department of Children and Family Services has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Children and Family Services has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed, the State of Illinois, Department of Children and Family Services has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Department of Children and Family Services are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Children and Family Services on behalf of the State or held in trust by the State of Illinois, Department of Children and Family Services have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Department of Children and Family Services

SIGNED ORIGINAL ON FILE

Marc D. Smith, Acting Director

SIGNED ORIGINAL ON FILE

Royce Kirkpatrick, Acting Fiscal Officer

SIGNED ORIGINAL ON FILE

LaShawn Eddings, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u> Findings	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Repeated findings	23	16
Prior recommendations implemented or not repeated	12	11
	4	6

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2018-001	15	Statewide failure to execute interagency agreements and perform essential project management functions over provider enrollment in the Medicaid program	Material weakness and material noncompliance
2018-002	22	Inadequate general information technology controls over IMPACT	Material weakness and material noncompliance
2018-003	28	Insufficient review and documentation of provider enrollment determinations	Material weakness and material noncompliance
<i>FINDINGS (STATE COMPLIANCE)</i>			
2018-004	35	Incomplete child welfare files	Significant deficiency and noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) (Continued)			
2018-005	38	Child abuse and neglect determinations	Significant deficiency and noncompliance
2018-006	40	Initiation of investigations of child abuse and neglect	Significant deficiency and noncompliance
2018-007	42	Noncompliance with the Child Death Review Team Act	Significant deficiency and noncompliance
2018-008	43	Failure to file Travel Headquarters Reports	Significant deficiency and noncompliance
2018-009	44	Untimely approval of contracts	Significant deficiency and noncompliance
2018-010	45	Lack of documentation of monitoring of contracts	Significant deficiency and noncompliance
2018-011	47	Noncompliance with the State Services Assurance for FY2008	Significant deficiency and noncompliance
2018-012	48	Employee performance evaluations not performed or not performed timely	Significant deficiency and noncompliance
2018-013	49	Equipment leases not reported to Comptroller	Significant deficiency and noncompliance
2018-014	50	Failure to maintain accurate property records	Significant deficiency and noncompliance
2018-015	51	Accident reports not filed timely	Significant deficiency and noncompliance
2018-016	52	Federal reimbursements not requested timely	Significant deficiency and noncompliance
2018-017	54	Noncompliance with the Abused and Neglected Child Reporting Act	Significant deficiency and noncompliance
2018-018	58	Noncompliance with the Children and Family Services Act	Significant deficiency and noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) (Continued)			
2018-019	59	Noncompliance with the Adoption Act	Significant deficiency and noncompliance
2018-020	62	Noncompliance with the Child Care Act of 1969	Significant deficiency and noncompliance
2018-021	67	Noncompliance with statutory mandates	Significant deficiency and noncompliance
2018-022	70	Noncompliance with the State Prompt Payment Act	Significant deficiency and noncompliance
2018-023	71	Deficiencies in management of returned checks	Significant deficiency and noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

2018-001	15	Statewide failure to execute interagency agreements and perform essential project management functions over provider enrollment in the Medicaid program	Material weakness and material noncompliance
2018-002	22	Inadequate general information technology controls over IMPACT	Material weakness and material noncompliance
2018-003	28	Insufficient review and documentation of provider enrollment determinations	Material weakness and material noncompliance

PRIOR FINDINGS NOT REPEATED

A	72	Lack of reviews of internal controls over service providers
B	72	Lack of compliance with the Fiscal Control and Internal Auditing Act
C	72	Noncompliance with the Custody Relinquishment Prevention Act
D	72	Scholarship and waiver data not reported to the General Assembly

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EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 13, 2019.

Attending were:

Illinois Department of Children and Family Services

Ken Hovey, Chief Internal Auditor
George Vennikandam, Senior Deputy Director, Operations
Michael C. Jones, Senior Deputy Director, Clinical and Child Services
Debra Dyer-Webster, Chief Deputy Director
Alejandro Mateos, Deputy Chief of Staff
Joe McDonald, Associate Deputy Director, Budget and Finance
Nora Harms-Pavelski, Deputy Director, Child Protection
Cynthia Richter-Jackson, Deputy Director, Quality Enhancement
Juliana Harms, Associate Deputy Director, Clinical Behavioral Health
Darryle Johnson, Licensing
Dallas Chrome, Licensing
John Swietzer, Child Death Review Team

Office of the Auditor General

Adam Ausmus, Audit Manager
Kathy Lovejoy, Audit Manager

Sikich LLP

Amy L. Sherwood, Partner
Emma Walden, Supervisor

The Department's responses to the recommendations were provided by Joe McDonald, Associate Deputy Director, in correspondence dated May 15, 2019 and May 17, 2019. The Department of Healthcare and Family Services' responses to Finding 2018-001, 2018-002, and 2018-003 were provided by Theresa Eagleson, Director, in correspondence dated May 17, 2019. The Department of Human Services' responses to Findings 2018-001, 2018-002, and 2018-003 were provided by Amy DeWeese, Chief Internal Auditor, in correspondence dated May 17, 2019. The Department on Aging's responses to Findings 2018-001, 2018-002, and 2018-003 were provided by Nicholas Barnard, Chief Internal Auditor, in correspondence dated May 16, 2019.

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
217.793.3363

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INDEPENDENT ACCOUNTANT’S REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Children and Family Services’ compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2018. The management of the State of Illinois, Department of Children and Family Services is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Children and Family Services’ compliance based on our examination.

- A. The State of Illinois, Department of Children and Family Services has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Children and Family Services has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Department of Children and Family Services has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Department of Children and Family Services are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Children and Family Services on behalf of the State or held in trust by the State of Illinois, Department of Children and Family Services have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Department of Children and Family Services complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Department of Children and Family Services complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Children and Family Services' compliance with specified requirements.

Our examination disclosed the following material noncompliance with the compliance requirement listed in the first paragraph of this report during the two years ended June 30, 2018. As described in items 2018-001, 2018-002, and 2018-003 in the accompanying schedule of findings, the State of Illinois, Department of Children and Family Services did not comply with requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. Compliance with such requirements is necessary in our opinion, for the State of Illinois, Department of Children and Family Services to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the material noncompliance described in the preceding paragraph, the State of Illinois, Department of Children and Family Services complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2018-004 through 2018-023.

The State of Illinois, Department of Children and Family Services' responses to the findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Department of Children and Family Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department of Healthcare and Family Services' responses to items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department of Human Services' responses to items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Human Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department on Aging's responses to items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department on Aging's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Department of Children and Family Services is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Department of Children and Family Services' internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Children and Family Services' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Children and Family Services' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2018-001, 2018-002, and 2018-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2018-004 through 2018-023 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The State of Illinois, Department of Children and Family Services' responses to the internal control findings identified in our examination are described in the accompanying schedule of findings. The State of Illinois, Department of Children and Family Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department of Healthcare and Family Services' responses to the internal control findings identified in in items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department of Human Services' responses to the internal control findings identified in in items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Human Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The State of Illinois, Department on Aging's responses to the internal control findings identified in in items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department on Aging's responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Children and Family Services as of and for the year ended June 30, 2018, and have issued our report thereon dated May 17, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Department of Children and Family Services' basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to May 17, 2019. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 and 3 through 6 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Department of Children and Family Services. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 and 3 through 6 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2018 in Schedules 1 and 3 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2018.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the State of Illinois, Department of Children and Family Services' basic financial statements as of and for the year ended June 30, 2016 (not presented herein), and have issued our report thereon dated February 8, 2017, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 3, 4, 5, and 6 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2016 financial statements. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 3, 4, 5, and 6 has been subjected to the auditing procedures applied in the audit of the June 30, 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2016 in Schedules 3, 4, 5, and 6 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section, and Schedule 2, and information for the year ended June 30, 2017 in schedules 3, 4, 5, and 6, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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Springfield, Illinois
May 17, 2019

3201 W. White Oaks Dr., Suite 102
Springfield, IL 62704
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Children and Family Services (Department), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated May 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2018-001, 2018-002, and 2018-003 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2018-001, 2018-002, and 2018-003.

State of Illinois, Department of Children and Family Services' Response to Findings

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

State of Illinois, Department of Healthcare and Family Services' Response to Findings

The State of Illinois, Department of Healthcare and Family Services' responses to items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Healthcare and Family Services' responses were not subjected to the auditing procedures applied to the audit of the financial statements and accordingly, we express no opinion on the responses.

State of Illinois, Department of Human Services' Response to Findings

The State of Illinois, Department of Human Services' responses to items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department of Human Services' responses were not subjected to the auditing procedures applied to the audit of the financial statements and accordingly, we express no opinion on the responses.

State of Illinois, Department on Aging's Response to Findings

The State of Illinois, Department on Aging's responses to items 2018-001, 2018-002, and 2018-003 are described in the accompanying schedule of findings. The State of Illinois, Department on Aging's responses were not subjected to the auditing procedures applied to the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Springfield, Illinois
May 17, 2019

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

SCHEDULE OF FINDINGS

CURRENT FINDINGS – Government Auditing Standards

- 2018-001** **FINDING** (Statewide Failure to Execute Interagency Agreements and Perform Essential Project Management Functions over Provider Enrollment in the Medicaid Program)

The Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to execute adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT). Specifically, management of the Departments did not enter into interagency agreements (IA) defining each agency’s roles and responsibilities, and did not perform essential project management functions over the implementation of IMPACT.

Project Background

Throughout calendar years 2012-2015, the Departments and the State of Michigan’s Department of Community Health (DCH) began studying possible modifications to Michigan’s existing Medicaid Management Information System (MMIS) to allow Illinois to share it and its related infrastructure with the goal being to eventually replace HFS’ outdated MMIS to accommodate the processing of the State of Illinois’ Medicaid provider enrollment determinations and all Medicaid claim payments to such providers. In 2015, HFS and DCH signed an intergovernmental agreement formally establishing IMPACT. The implementation of IMPACT was scheduled to be rolled out in three phases. Phase 1 was placed in service in November 2013 and March 2014, and encompassed providing financial assistance for the development and implementation of the Electronic Health Record Medicaid Incentive Payment Program (eMIPP) module. Phase 2 was placed in service in July 2015, and encompassed the development and the implementation of the Provider Enrollment (PE) module. The PE module was designated by HFS to be the State of Illinois’ book of record for the eligibility determinations of providers offering services for and on-behalf of the State of Illinois’ Medicaid recipients. Both the eMIPP and PE modules interface with the existing State of Illinois’ MMIS and are the basis for which providers are determined eligible to provide Medicaid services and receive Medicaid claim payments. Phase 3 includes the final development and implementation stages of IMPACT and was scheduled to be placed in service in calendar year of 2018; however, implementation had not taken place as of the end of our fieldwork. HFS staff stated IMPACT is not ready to accommodate the managed-care-rate payment structure and is currently targeted to be placed in service in March 2020. According to filings with the U.S. Department of Health & Human Services, the IMPACT project was expected to cost the State of Illinois approximately \$103 million. As of September 30, 2018, after only implementing two phases of the project, HFS had expended over \$50 million with the largest part of the system conversion outstanding. As of the end of our fieldwork, HFS has increased the original budget to approximately \$173 million.

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HFS' and Delegated Agencies' Roles

As set by the State of Illinois' State Plan under Title XIX of the *Social Security Act* (State Plan) (Section 1.1), the State's designated agency responsible for administering and supervising the administration of the Medicaid Program is HFS. However, Section 1.1 of the State Plan also allows for HFS to delegate specific functions to other State entities to assist with the administration of the Medicaid Program, pursuant to a written IA defining each agency's roles and responsibilities. During our testing, we identified the following delegated agencies, which we will refer to as HFS' Delegated Agencies, and examples of the Medicaid services they provide which utilizes IMPACT for enrollment of their providers. DHS administers several human service programs under the Medicaid Program, including developmental disabilities support services, rehabilitation services, and substance abuse (prevention and recovery) services. DCFS administers the State's child welfare program which includes cooperating in the establishment of Medicaid eligibility for children who are wards of the State. DoA administers the State's programs for residents aged 60 and older, including Home and Community Based Services to Medicaid recipients who meet Community Care Program requirements.

Auditor Testing and Results

In order to determine if the Departments complied with federal and State laws, rules, and regulations when they developed, implemented, and operated IMPACT, we reviewed the Departments' applicable policies and procedures governing IMPACT. Our testing identified the following material weaknesses in internal control:

- The Departments did not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program.
- While DHS utilized IMPACT to formally approve providers for the purposes of granting payments of their Medicaid claims, it did not utilize IMPACT as its book of record or rely on it to verify the providers met certain federal requirements. In this instance, the book of record means the mandatory system designated by HFS to be used for the tracking of the State's activities, events, or decisions when approving or denying the enrollment of Medicaid providers. When we inquired of DHS as to why it did not retain the documentation within IMPACT to support its determination of enrollment, DHS management stated it chose to maintain the supporting documentation outside of IMPACT as it could not rely on IMPACT.

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- When we inquired of DCFS and DoA as to what their processes were regarding the use of IMPACT, they both stated they did not use IMPACT after formally approving the providers for the purpose of granting payments of their Medicaid claims. They both believed HFS was doing the subsequent review of, and maintenance of, provider enrollment information for them. After asking HFS to confirm if DCFS' and DoA's statements were accurate, HFS management stated that was not the case and both DCFS and DoA had the responsibility to subsequently review their providers' eligibility for enrollment in the Medicaid program.
- The Departments implemented IMPACT despite the inability of IMPACT to allow Illinois officials to generate customary and usual system internal control reports, including such information as provider data, security measures, or updates made to IMPACT. The Departments must go through the third party service provider (TSP) in order to obtain any reports needed by the State.
- Based on testing of the documented procedures governing IMPACT, we noted the following:
 - the procedures only addressed the actions that should have been taken by HFS and did not include the procedures to be followed or taken by the Delegated Agencies;
 - the procedures contained contradictory provisions; and,
 - the procedures did not depict the actual actions taken by HFS staff during the audit period.
- The Departments failed to establish and maintain adequate general information technology controls over IMPACT. (See Finding 2018-002 for further details.)
- The Departments had inadequate project management over the implementation of IMPACT. According to the Intergovernmental Agreements, Amendments, and Statements of Work signed between HFS and the TSP, who maintains and hosts IMPACT, the TSP was to provide HFS various deliverables throughout the implementation of the project for its timely review and approval. During our testing of the deliverables required to be provided, we noted the following:
 - HFS did not receive 9 of the 60 (15%) required deliverables,
 - For 39 of the 51 (76%) deliverables received, there was no supporting documentation to demonstrate HFS had approved them, and
 - One of the 51 (2%) deliverables received, the PE Implementation Plan, was noted as "draft". As a result, HFS does not have supporting documentation to show it received and approved the "final" version of the deliverable. The purpose of the PE Implementation Plan was to define the overall approach for the implementation of the PE module of IMPACT.

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- As a result of inadequate project management, the Departments did not implement adequate security controls over IMPACT. (See Finding 2018-002 for further details)

- The Departments did not design and establish an adequate internal control structure over provider enrollment determination *such that sufficient and appropriate evidence, maintained in a paperless format, existed to support each provider met various compliance requirements at the time when the Departments determined each provider's eligibility.* Further, management at the Departments failed to adequately monitor manual provider enrollment determinations, as (1) staff did not consistently document their review of the provider applications in accordance with HFS' Process Checklists and (2) HFS did not establish a system of supervisory reviews of work performed by staff. (See Finding 2018-003 for further details.)

Auditing standards applicable to financial audits and compliance examinations contained in the *Government Auditing Standards* issued by the Comptroller General of the United States Sections 1.01-1.02 state:

The concept of accountability for use of public resources and government authority is key to our nation's governing processes. Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, ethically, and equitably within the context of the statutory boundaries of the specific government program. As reflected in applicable laws, regulations, agreements, and standards, management and officials of government programs are responsible for providing reliable, useful, and timely information for transparency and accountability of these programs and their operations. Legislators, oversight bodies, those charged with governance, and the public need to know whether (1) management and officials manage government resources and use their authority properly and in compliance with laws and regulations; (2) government programs are achieving their objectives and desired outcomes; and (3) government services are provided effectively, efficiently, economically, ethically, and equitably.

Further, the Code of Federal Regulations (2 C.F.R. § 200.303), *Internal Controls*, requires the Departments to: (1) establish and maintain effective internal control over the Medicaid Program to provide reasonable assurance that the Departments are managing the Medicaid Program in compliance with federal statutes, regulations, and the terms and conditions; and (2) comply with federal statutes, regulations and terms and conditions of the Medicaid Program. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" (otherwise commonly referred to as the Green Book) issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO).

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In addition, the Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all agencies to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable laws; (2) obligations and costs are in compliance with applicable laws; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted information technology guidance endorses the implementation of project management techniques to certify computer system development activities meet management's objectives.

The Departments' management indicated the above control deficiencies were due to the limited reporting capabilities of IMPACT and employee oversight.

Failure to execute IAs and failure to perform essential project management functions could expose the State to unnecessary and avoidable litigation, approval of ineligible providers, excessive expenditures, over-reliance on contractors, and could result in a system that does not meet the needs of the State and the individuals dependent on the State for Medicaid services. In addition, the Departments' lack of due diligence in performing project management responsibilities has contributed to a significant increase in project timeline and associated costs. (Finding Code No. 2018-001)

RECOMMENDATION

We recommend management of the Departments execute detailed IAs which define the roles and responsibilities of each agency regarding the Medicaid Program. The IAs should sufficiently address necessary procedures to enforce monitoring and accountability provisions over IMPACT as required by the Code of Federal Regulations, the State Plan, and the Act so the enrollment of providers offering services to recipients of the Medicaid program is carried out in an effective, compliant, efficient, and economical manner. We further recommend the Departments obtain and review/approve the remaining deliverables from the TSP and, in the future, the Departments should establish adequate controls over project management for the development and implementation of major projects, such as IMPACT.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. The above control deficiencies were due to management not prioritizing creation of new interagency agreements in line with the new system and performing quality checks of employee performance.

HFS currently has interagency agreements with the agencies processing provider medical claims through HFS. HFS will update these agreements to include the roles and responsibilities of each agency that is using the Provider Enrollment module of the IMPACT system as necessary.

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The Department processes payments for deliverables and contractual obligations via invoice vouchers which include the statement “I certify that the goods or services specified on this voucher were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred; that such goods or services meet all the required standards set forth in the purchase agreement or contract to which this voucher relates; and that the amount shown on this voucher is correct and is approved for payment. If applicable, the reporting requirements of Section 5.1 of the Governor’s Office of Management and Budget Act have been met.” The invoice vouchers are signed by the receiving officer, head of unit and agency head. All deliverables were received, reviewed and paid in accordance with State requirements; however, this particular contract outlined additional requirements for deliverable approval and the Department could not provide all items due to staff turnover. Additional processes were implemented in response to a previous audit finding related to this same issue; however, the deliverables and approvals noted by the auditor during this audit pre-date the new process that was implemented.

AUDITOR’S COMMENT TO DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES’ RESPONSE

As noted above, the Department had not received all the required deliverables, therefore, the auditors are unclear as to how the Department of Healthcare and Family Services could have reviewed and paid for all contract deliverables in accordance with the State requirements.

DEPARTMENT OF HUMAN SERVICES’ RESPONSE

The Department of Human Services (DHS) agrees with the recommendation. DHS will work with the Department of Healthcare and Family Services (HFS) to execute a detailed Intergovernmental Agreement (IGA) which defines the roles and responsibilities of each agency to enforce monitoring and accountability provisions over IMPACT as required. In addition, DHS will work with HFS to establish adequate controls over project management for the development and implementation of major projects, such as IMPACT.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES’ RESPONSE

The Department of Children and Family Services (DCFS) agrees with the auditor’s recommendation. DCFS looks forward to discussions and will work towards executing agreement(s) that will define its role, responsibilities and cooperation with other State agencies with regard to IMPACT and the State’s Medicaid Program.

DEPARTMENT ON AGING’S RESPONSE

The Illinois Department on Aging (IDoA) partially agrees with the finding. IDoA believes that HFS, as the State Medicaid Agency, should be the Agency that initiates an Interagency Agreement (IA) with the operating agencies. However, the Department will coordinate with HFS to enter into an IA related to IMPACT.

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IDoA disagrees with other elements of the finding. IDoA is a limited user within IMPACT, having just one employee who accesses the system. In the third bullet, the finding states that IDoA believes HFS was completing subsequent review of provider enrollment information. IDoA has controls in place that are used when a provider is certified by the Department. These controls are outside of IMPACT and are performed in accordance with IDoA rules to become a provider for the Department. IDoA is not party to the enrollment information review. The Department, in accordance with internal rules and ultimately its Medicaid Waiver, certifies providers for programs administered by the Department. Additionally, IDoA doesn't classify providers as Medicaid or not, IDoA classifies participants in their programs.

There are elements of the finding, such as receipt of deliverables, security controls, and policies and procedures that would not be items that would exist within IDoA. When an IA is entered into with HFS, IDoA will focus on including items in the IA that would affect the way that the system is currently utilized and controls necessary to certify to HFS that IDoA is fulfilling their responsibility as it relates to IMPACT.

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2018-002 **FINDING** (Inadequate General Information Technology Controls over IMPACT)

The Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to execute adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT). Specifically, the Departments did not establish and maintain general information technology controls (general IT controls) over IMPACT which was developed to document and monitor provider enrollment for those providers offering services to recipients of the Medicaid Program administered throughout the State of Illinois.

Auditor’s Note: In this finding, we want to point out to the reader that our testing was mostly conducted at and through HFS, as it is the State’s designated Medicaid agency and has the ultimate responsibility for administering and supervising the Medicaid Program. However, as described in Finding 2018-001, HFS is allowed to and has delegated certain responsibilities to other State agencies to carry out the Medicaid Program. In addition, each of the listed above State agencies expends and/or receives a material amount of federal and State dollars which is accounted for in either its entity-wide financial statements or is essential to the auditors opining on its compliance assertions. Finally, when reviewing documentation of the development and implementation of IMPACT, we identified that management of both HFS and the delegated State agencies took part in the discussions. As a result of this reasoning and the material weaknesses in internal control we noted in Finding 2018-001 that describe managements’ failure to formally outline each of the State agencies’ responsibilities, we believe there is a shared fiduciary responsibility to guarantee the Medicaid services administered at each of the listed State agencies are provided in accordance with federal and State laws, rules, and regulations and that management of each of the State agencies failed to perform those essential fiduciary responsibilities.

Auditor Testing and Results

During our testing, we noted the Departments did not have access to or control over IMPACT and its infrastructure. IMPACT and its infrastructure is hosted by and maintained through a third party service provider (TSP). As a result, we were unable to perform adequate procedures to satisfy ourselves that certain general IT controls (i.e. security over the environment, disaster recovery assurance, and change management procedures) over IMPACT were operating effectively during the audit period. The TSP did not obtain or provide the Departments with a System and Organization Control (SOC) report, which would provide the State and the auditors information on the design and effectiveness of internal control over IMPACT.

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Security over Illinois Users Testing

As part of the audit process, we requested HFS provide us the population of all State staff who had access to IMPACT. Although HFS provided a population to us, documentation demonstrating the completeness and accuracy of the population could not be provided. HFS stated it could not provide the necessary documentation, as the TSP controls it. Due to these conditions, we were unable to conclude that the population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.35).

Even given the population limitations noted above, we tested a sample of State users who had access to IMPACT. Our testing revealed the following:

- 28 of the 49 (57%) users tested had access rights to IMPACT as of June 30, 2018, however, we noted the users had in fact terminated employment prior to June 30, 2018; and,
- Due to both 1) the lack of reporting functionality within IMPACT and 2) the Departments not requesting the TSP to develop and provide ad hoc reports, the Departments' management did not perform access reviews on an ongoing basis during the audit period.

As a result of the Department's failure to establish appropriate security controls over IMPACT, we cannot determine if IMPACT and the State's data contained within the system are adequately protected from unauthorized access and accidental or intentional destruction or alteration.

Edits Testing

As part of the audit process, we requested HFS provide us the population of all active edits from IMPACT. In response to this request, HFS provided us the Detailed System Design Document (DSDD). Upon reviewing the 359 individual documents which comprised the DSDD, we noted the DSDD did not contain a concerted listing of active edits, as the documents outlined the overall system design assuming all edits would be implemented. Our testing revealed not all of the design features included in the DSDD had been implemented. Further, in order to use the DSDD for population purposes, we would have to have the knowledge as to which "edits" were active and were not during the audit period.

An edit check, or test, checks data entered into a system for validity before it is processed. It is commonly used by businesses, organizations, and agencies that need to perform numerous checks on information before it is passed along to someone who can process the data. An edit check can verify the eligibility of applicants or claims. Submissions that fail an edit check often are returned so that they can be corrected. As the Departments were unable to provide us a complete listing of active edits, we cannot test them to determine if they are functioning properly, which would provide some assurance that the data in IMPACT is accurate and in accordance with applicable laws, rules, and regulations governing providers of services for the Medicaid Program of the State.

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Disaster Recover Testing

In response to our requests to review the Departments' disaster recovery plan related to IMPACT, HFS provided a preliminary Business Continuity Plan which we noted was a "draft" version; and, therefore, had not been finalized and approved by HFS management.

We also requested documentation demonstrating the Departments had conducted disaster recovery activities during the audit period. HFS provided the State of Michigan's Department of Health and Human Services, NGDI Cloud Disaster Recovery Report (Report), dated October 26, 2017. Our review of the Report noted the following weaknesses as it related to the State of Illinois's portion of IMPACT:

- A significant amount of information had been redacted; therefore, we were unable to determine the extent of the disaster recovery exercise and its relationship to Illinois data.
- The Departments had neither reviewed the Report nor been involved in the actual recovery exercise.

In addition, we requested documentation regarding the backup (including due diligence in ensuring backups were successfully generated) of the Departments' IMPACT data; however, HFS management stated, per the intergovernmental agreement, the State of Michigan is responsible for providing the State of Illinois with sufficient storage for operations and backups, along with establishing the disaster recovery environment.

As a result of the Departments' failure to obtain, review, and fully understand the TSP's disaster recovery controls, including guaranteeing backups were successfully completed, and because we were not able to determine the extent of the TSP's disaster recovery exercise as it related to Illinois' data covered by the Report, we believe the Departments failed to adequately protect IMPACT and the State's data against the possibility of major disruptions of services and loss of data, and we are unable to determine if IMPACT and the State's data were adequately protected during the audit period.

Change Management

As a result of the Departments' failure to obtain a SOC report, as noted above, or conduct their own timely independent internal control reviews over how changes were made by the TSP to IMPACT and its environment, we are unable to determine that changes made to IMPACT during the audit period were proper and approved.

The Code of Federal Regulations (42 C.F.R. §95.621(f)(1)), *Automated Data Processing (ADP) System Security Requirements*, requires State agencies to be responsible for the security of all ADP projects under development, and operational systems involved in the administration of the U.S. Department of Health & Human Services programs. State agencies are required to determine the appropriate security requirements based on recognized industry standards or standards governing security of federal ADP systems and information processing.

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Generally accepted information systems technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses the development of well-designed and well-managed controls to protect computer systems and data, and endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe. Generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems. Effective change management procedures reduce the risk of unauthorized, improper, or erroneous changes to computer systems.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Departments' management indicated the above control deficiencies were due to limited reporting capabilities of IMPACT and employee oversight.

As a result of the Departments' failure to obtain, review, and fully understand the TSP's general IT controls as it related to IMPACT and because we were not able to determine the adequacy of the TSP's general IT controls over IMPACT, we are not able to rely on IMPACT with respect to our testing of provider eligibility and related compliance requirements over the enrollment of providers and subsequent payments made to approved providers who provide services to recipients of the State's Medicaid Program. (Finding Code No. 2018-002)

RECOMMENDATION

We recommend management of the Departments implement adequate internal control over the implementation and design of IMPACT, including regular reviews of user access rights, reviews of edit checks on data integrity, disaster recovery activities, and change management procedures.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) accepts the recommendation. The above control deficiencies were due to management not prioritizing negotiating appropriate documentation from its third-party service provider (TSP) and the differences in audit requirements between the two states.

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IMPACT provider enrollment and the electronic Medicaid Incentive Payment Program (eMipp) were implemented in a modular fashion from the rest of the IMPACT Core Medicaid Management Information System (MMIS) functionality. The modular implementation did not include a reporting tool for general reports. When the core IMPACT MMIS components are fully implemented these reports will exist and will be available to Illinois state staff to generate on demand. However, while the Department is still operating in production with the two live modules only, Illinois will obtain these reports from the third-party service provider and periodically review user access.

Illinois is sharing, with the TSP, a single code base with two separate instances of the database. For provider enrollment there is a change management process that is in place for making changes to the IMPACT code base. There are Tier 1 and Tier 2 approvals from Illinois before any changes are made. Illinois recognizes there was no System and Organization Controls (SOC) report obtained from the TSP. In lieu of a SOC report, the TSP will be sharing a copy of the TSP Centers for Medicare and Medicaid Services Security Assessment Report when it is completed. The Department will continue to work with the TSP to obtain documentation to support general IT controls are adequate. The disaster recovery tests performed for the Illinois provider enrollment and eMipp servers will be obtained and reviewed by the Department on a routine basis.

AUDITOR'S COMMENT TO DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department states the State of Illinois and the State of Michigan have different audit requirements which resulted in part to the noted deficiencies. When being audited, both States are considered governmental entities whose auditing standards are set forth by the American Institute of Certified Public Accountants (AICPA) and the United States Government Accountability Office (GAO). In the case of IMPACT, for the State of Illinois, IMPACT is hosted and maintained by a TSP. As a result, the Departments are required to obtain a SOC report or perform another type of independent review over the system's general IT internal control (as mentioned in the above finding). For the State of Michigan, IMPACT is hosted and maintained by the State itself and, therefore, the State of Michigan is not required to obtain a SOC report or perform another type of independent review over IMPACT's general IT internal controls as the State of Michigan has control over it. In summary, as required by auditing standards, the State of Illinois needs an independent review over IMPACT's general IT internal control and the State of Michigan does not.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services agrees with the recommendation. DHS will work with the Department of Healthcare and Family Services (HFS) to implement adequate internal controls over the implementation and design of IMPACT.

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DEPARTMENT OF CHILDREN AND FAMILY SERVICES' RESPONSE

The Department of Children and Family Services (DCFS) accepts this finding and will cooperate with HFS in determining what, if any, responsibilities related to the auditor's recommendation apply to DCFS and will ensure those responsibilities are defined in the interagency agreement referenced in Finding 2018-001. DCFS will develop processes or procedures to comply with the roles and responsibilities defined in the agreement.

DEPARTMENT ON AGING RESPONSES

The Illinois Department on Aging (IDoA) disagrees with the applicability of this finding to IDoA. The finding asserts that internal controls over the implementation and operation of the system were lacking. IDoA does not have any purview over implementation or operation of the system and therefore has no responsibility in establishing and maintaining general information technology controls over the system.

AUDITOR'S COMMENT TO DEPARTMENT ON AGING'S RESPONSE

As noted in Finding 2018-001, the Departments do not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program. Until such time as the Departments define the roles and responsibilities of each agency, we are unable to determine which agency is responsible for what actions.

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2018-003 FINDING (Insufficient Review and Documentation of Provider Enrollment Determinations)

The Department of Healthcare and Family Services (HFS), the Department of Human Services (DHS), the Department of Children and Family Services (DCFS), and the Department on Aging (DoA) (collectively, the “Departments”) failed to design and implement adequate internal controls over the implementation and operation of the State of Illinois’ Illinois-Michigan Program Alliance for Core Technology system (IMPACT) sufficient to prevent inaccurate determinations and approvals of provider enrollment for those providers offering services to recipients of the Medicaid Program administered throughout the State. Specifically, we noted the Departments did not sufficiently review and document approval for provider enrollments and, as a result, did not maintain all necessary documentation supporting provider enrollment approvals.

Auditor’s Note: In this finding, we want to point out to the reader that our testing was mostly conducted at and through HFS, as it is the State’s designated Medicaid agency and has the ultimate responsibility for administering and supervising the Medicaid Program. However, as described in Finding 2018-001, HFS is allowed to and has delegated certain responsibilities to other State agencies to carry out the Medicaid Program. In addition, each of the listed above State agencies expends and/or receives a material amount of federal and State dollars which is accounted for in either its entity-wide financial statements or is essential to the auditors opining on its compliance assertions. Finally, when reviewing documentation of the development and implementation of IMPACT, we identified that management of both HFS and the delegated State agencies took part in the discussions. As a result of this reasoning and the material weaknesses in internal control we noted in Finding 2018-001 that describe managements’ failure to formally outline each of the State agencies’ responsibilities, we believe there is a shared fiduciary responsibility to guarantee the Medicaid services administered at each of the listed State agencies are provided in accordance with federal and State laws, rules, and regulations and that management of each of the State agencies failed to perform those essential fiduciary responsibilities.

The Departments implemented the Provider Enrollment module of IMPACT in July 2015 for the intake and processing of applications in order to determine enrollment for providers offering services to recipients of the Medicaid Program administered throughout the State.

Auditor Testing and Results

Quality/Supervisory Reviews Not Conducted

We noted the Departments do not have a process for supervisors to perform, at least on a sample basis, quality reviews of the activities performed by staff to obtain independent evidence that staff members are acting within the scope of their authority and that transactions and events comport with management’s expectations.

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Population Completeness

We requested HFS management to provide us the population of all provider applications approved during Fiscal Year 2018. Although HFS provided a population, it could not provide documentation demonstrating the completeness and accuracy of the population. Due to these conditions, we were unable to conclude the population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.35).

Even given the population limitations noted above, we performed testing on a sample of the approved provider applications from the population provided.

Detail Sample Testing

Based on the population provided by HFS, during Fiscal Year 2018, the Departments approved 27,886 provider applications. In order to determine if the providers' applications were approved in accordance with federal and State laws/rules/regulations, a sample of 138 approved applications were selected for testing. Our testing of the 138 provider files revealed that 26 of the provider files contained multiple exceptions, 74 provider files contained 1 exception, and 38 of the provider files contained no exceptions. The specific exceptions noted are as follows:

- Seventy of the 138 (51%) provider files sampled were for providers who requested the applicable Department to backdate their eligibility beginning dates. Our testing revealed that all 70 (100%) of those provider files did not contain documentation of the applicable Department's exception for allowing the backdating of eligibility for the providers. As a result, it could not be determined if the backdating of eligibility, and the subsequent payments made by the State for the providers' retroactive billings, were proper.

The *Medicaid Provider Enrollment Compendium* notes it is incumbent on the Departments to mitigate the risk of an improper enrollment, as payments for the backdated period are improper unless an exception applies.

- Forty-two of the 138 (30%) provider files sampled did not contain documentation or comments of the applicable Department's staff review of the providers' required professional licenses to confirm the licenses were valid at the time the application was approved. After our initial testing results were provided to the Departments, the Departments were subsequently able to provide us with documentation demonstrating that each of the 42 providers were appropriately licensed at the time of application.

The Code of Federal Regulations (Code) (42 C.F.R. § 455.412(a)) requires the Departments to have a method for verifying that any provider claiming to be licensed in accordance with the laws of any State is licensed by such State.

In addition, HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires Department staff reviewing licenses to document their review of ensuring the licenses were valid and current in the comments section in IMPACT.

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- Nine of the 138 (7%) provider files sampled contained a license or certification which had an open ended expiration date. As such, when the provider file was compared to the monthly screenings, IMPACT registered an error that the provider was not properly licensed/certified at that specific point in time. We noted the provider file did not contain documentation to demonstrate Department staff followed up on the results of these matches to verify enrollment when the review was performed by staff. After our initial testing results were provided to the Departments, the Departments were subsequently able to provide us with documentation demonstrating that each of the nine providers were appropriately licensed/certified during the audit period.

The Code (42 C.F.R. § 455.412(b)) requires the Departments to confirm the provider's license has not expired and that there are no current limitations on the provider's license/certification. In addition, HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires the end date for required licenses/certifications to be current in IMPACT.

- Four of the 138 (3%) provider files sampled did not contain documentation of the applicable permanent professional license(s). The providers' profile contained the applicable temporary professional license(s) which had expired. As such, when the provider file was compared to the monthly screenings, IMPACT registered an error that the provider was not properly licensed since the temporary license(s) was expired. We noted the provider file did not contain contemporaneous documentation to demonstrate Department staff followed up on the results of these matches to verify proper licensure. After our initial testing results were provided to the Departments, the Departments were subsequently able to provide us with documentation demonstrating that each of the four providers were appropriately licensed during the audit period.

The Code (42 C.F.R. § 455.412(b)) requires the Departments to confirm that the provider's license has not expired and that there are no current limitations on the provider's license.

- One of the 138 (1%) provider files sampled indicated a significant risk existed that the provider had been sanctioned; however, the Department lacked contemporaneously prepared documentation the provider was appropriately approved after the sanction was reviewed and disposed of by either a supervisor or HFS' Office of the Inspector General (OIG). As a result, we cannot determine if the provider was appropriately approved.

HFS' *Approval Process Document, applicable to Atypical Individuals and Individuals*, requires Department staff to send applications with sanctions to their supervisor or the OIG for review and determination.

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- One of the 138 (1%) provider files sampled, who would provide transportation services, did not contain documentation that the provider's driver's license was reviewed to confirm it was valid and current at the time of approval. As a result, we cannot determine if the provider was appropriately approved.

HFS' Handbook for Providers of Medical Services, Chapter 100, General Policy and Procedures requires IMPACT to verify the driver's license to determine validity at a specific point in time.

- One of the 138 (1%) provider files sampled showed the provider had the potential to be deceased as a result of IMPACT's database checks; however, the provider file did not contain documentation to demonstrate Department staff followed up on the error to determine if the provider was in fact deceased. After our initial testing results were provided to the Departments, the Departments were subsequently able to provide us with documentation demonstrating that the provider was not deceased and properly approved.

HFS' Approval Process Document, applicable to Atypical Individuals and Individuals, requires Department staff to manually review all screening results that return a 90% or less precision match. The precision rate percentage of less than 100% indicates that when the provider entered its information into IMPACT to enroll in the Medicaid program, the information entered did not match certain attributes in the IMPACT verification process.

- One of the 138 (1%) provider files sampled showed "no results were found" when the IMPACT screenings were performed on the provider; however, the provider file did not contain documentation to demonstrate Department staff followed up on the results prior to verifying enrollment. As a result, we cannot determine if the provider was appropriately approved.

HFS' Approval Process Document, applicable to Atypical Individuals and Individuals, requires Department staff to review the results of all screenings. Any screenings that are documented as invalid are to be manually verified.

- In addition to our testing of the 138 provider applications and their related files, we tested information systems which interfaced with IMPACT during the audit period. Our testing revealed that for the months of December 2017, January 2018, and February 2018, none of the provider profiles were checked against the National Council for Prescription Drug Program (NCPDP) database to determine if the applicable licenses and certifications were valid and current, as required.

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The Code (42 C.F.R. § 455.436(c)(1)) requires the Departments to consult appropriate databases to confirm identity upon enrollment and reenrollment. In addition, the Code (42 C.F.R. § 455.450(a)(3)) requires the Departments to conduct database checks on a pre-and post-enrollment basis to ensure that providers continue to meet the enrollment criteria for their provider type, in accordance with § 455.436.

In response to these matters, HFS officials indicated IMPACT's current functionality does not include a module which would allow for the retention of electronic records reviewed by staff.

The Code (2 C.F.R. § 200.303) requires nonfederal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include establishing procedures to ensure internal controls over eligibility determinations to ensure only eligible providers receive payments under federal programs at the time the expenditure is made. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Departments to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law. Inherent within this requirement is showing, at the time when eligibility was determined and payments were made, the Departments had documentation showing the provider was eligible to participate.

In addition, the Code (42 C.F.R. § 431.17) requires the Departments to maintain records necessary for the proper and efficient operations of the State's Medicaid Plan.

Finally, the State Records Act (5 ILCS 160/8) requires the Departments to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The Departments were not able to quantify the amount of billings, including retroactive billings, paid to these providers, for each impacted State agency. As a result, we were not able to assess the potential misstatement of the financial statements caused by unsupported retroactive billings and other noncompliance with the Code.

Inadequate controls over the operation of IMPACT, such as insufficient review and approval of provider enrollment information, may result in providers being inaccurately determined eligible, the State expending federal and State funds for which provider enrollment has not been adequately demonstrated or documented, and may result in future expenditures to providers who are ineligible to provide services to recipients of the State's Medicaid Program. Noncompliance with federal laws and regulations could lead to denied claims, sanctions and/or loss of future federal funding and result in misstatement of agency financial statements. (Finding Code No. 2018-003)

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RECOMMENDATION

We recommend management of the Departments improve controls to better ensure Department staff and supervisors are properly obtaining, reviewing, and retaining documentation in IMPACT to support Medicaid provider enrollment. As a part of improved controls, we recommend the Departments increase the level of staff training and oversight.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department of Healthcare and Family Services (HFS) partially accepts the recommendation.

The IMPACT system requires staff to review and update any information that cannot be systematically verified. The system does not currently include functionality which allows staff to retain electronic records reviewed by staff; however, the system does retain an audit trail which indicates the portion of the system that has been updated along with a date, time and employee stamp. The Department could substantiate that staff updated the portion of the record requiring manual review as required. The Department provided post audit documentation to substantiate all providers were eligible during the time they were approved. The Department, however, did not maintain an electronic copy of the documentation manually reviewed. HFS will improve controls by instituting a quality assurance program that tests whether staff are reviewing appropriate documentation and using the system appropriately. This will target any needs for additional training and oversight.

AUDITOR'S COMMENT TO DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES' RESPONSE

The Department contends they provided post audit documentation to demonstrate all providers were eligible during the time they were approved. However, as noted above, the Department did not provide documentation that seventy providers requesting the Department to backdate their eligibility beginning date had a documented exception to allow for the backdating as required by the *Medicaid Provider Enrollment Compendium*.

In addition, the Department did not provide documentation demonstrating, as required by their own process: (1) a provider had a proper driver's license; (2) proper followup action was taken for any provider who was a significant risk of having a sanction; and (3) proper followup action was taken for any provider who yielded no screening results.

DEPARTMENT OF HUMAN SERVICES' RESPONSE

The Department of Human Services (DHS) agrees with the recommendation. DHS will work with the Department of Healthcare and Family Services (HFS) to improve controls to ensure DHS staff and supervisors are properly obtaining, reviewing and retaining documentation in IMPACT to support provider enrollment. As part of improved controls, DHS will also work with HFS to increase oversight and staff training where necessary.

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DEPARTMENT OF CHILDREN AND FAMILY SERVICES' RESPONSE

The Department of Children and Family Services (DCFS) accepts this finding, and will cooperate with HFS in determining what, if any, responsibilities related to the auditors recommendation apply to DCFS and will ensure those responsibilities are defined in the interagency agreement referenced in Finding 2018-001. DCFS will develop processes or procedures to comply with the roles and responsibilities defined in the agreement.

DEPARTMENT ON AGING'S RESPONSE

The Illinois Department on Aging (IDoA) disagrees with the finding as it relates to IDoA. The Department maintains an All Willing and Qualified (AWAQ) certification process for all providers in the Community Care Program. That process certifies providers to be qualified under the programmatic and administrative requirements outlined in Administrative Rule. Only after the certification process is complete and an agreement to provide services to participants has been executed is a provider's information entered into IMPACT to either be located in the system or added as a Community Care Program provider.

There is no part of the certification process at IDoA that utilizes IMPACT. All provider monitoring is performed at the Department and outside IMPACT.

AUDITOR'S COMMENT TO DEPARTMENT ON AGING'S RESPONSE

As noted in Finding 2018-001, the Departments do not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program. Until such time as the Departments define the roles and responsibilities of each agency, we are unable to determine which agency is responsible for what actions.

With regards to the process noted by DoA, we understand the Department performs the AWAQ certification process for its providers in the Community Care Program outside of IMPACT. However, as also noted in Finding 2018-001, IMPACT is the State's designated book of record for providers certified in the Medicaid Program.

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CURRENT FINDINGS – State Compliance

2018-004. FINDING (Incomplete child welfare files)

The Illinois Department of Children and Family Services’ (Department) Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely.

In our sample of 30 child welfare case files managed by Department staff (CFS), and 30 child welfare case files managed by point of service (POS) contractors, we noted the following:

Case File Deficiency	Case File Requirement	Authority
29 of 60 (48%) Registration Case Opening Forms (CFS 1410) were not completed timely. (12 POS – One to 20 days late) (17 CFS – One to 42 days late)	The CFS 1410, Registration Case Opening Forms are to be completed within 24 hours of the case opening decision unless received from child protection, in which case it should be completed immediately by data entry staff.	DCFS Administrative Procedure #5 (Section 5.3)
25 of 60 (42%) Statewide Automated Child Welfare Information System (SACWIS) Risk Assessments were not completed timely. (10 POS – One to 61 days late) (15 CFS – One to 218 days late)	When child welfare staff are engaged in preliminary activities the SACWIS Risk Assessment is to be completed within 30 days of the case opening.	DCFS Administrative Procedure #5 (Section 5.2 (C))
37 of 60 (62%) Initial Service Plans were not completed timely. (20 POS – Three to 68 days late) (17 CFS – One to 83 days late)	Initial service plans are to be completed within 30 calendar days (45 days after November 22, 2016) of the case opening or placement.	DCFS Administrative Procedure #5 – Update November 22, 2016 and DCFS Administrative Procedure #5 (Section 5.4)

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Case File Deficiency	Case File Requirement	Authority
48 of 60 (80%) Integrated Assessments were not completed timely. (25 POS – Six to 58 days late) (23 CFS – Four to 284 days late)	Integrated Assessment forms are to be completed within 30 calendar days (40 days after November 22, 2016) of the case opening or placement.	DCFS Administrative Procedure #5 – Update November 22, 2016 and DCFS Administrative Procedure #5 (Section 5.3)
One of 60 (2%) Medical & Dental Consent forms (CFS 431 and CFS 415) was not found in the case file. (1 POS case)	Forms CFS 431 and CFS 415 must be maintained to provide consent for ordinary and routine medical and dental or surgical treatment.	DCFS Administrative Procedure #5, (Appendix C, Section VI)
Nine of 60 (15%) children’s fingerprints were not indicated as being taken and maintained in SACWIS or in case files. (2 POS & seven CFS cases)	The date the fingerprint is obtained must be included in SACWIS or related documentation should be in case files.	DCFS Procedure 301.150, PT 2013.123
29 of 60 (48%) Initial Placement Checklists (CFS 418-J) were not found in files. (19 POS & 10 CFS cases)	Form CFS 418-J must be maintained for all children placed in substitute care to document any special needs of the child.	DCFS Policy Guide 2003.06
Two of 60 (3%) Placement & Payment Authorization Forms (CFS 906) were not maintained in the case files. (2 CFS cases)	Form CFS 906 must be completed and maintained in the case file and should include information concerning the child’s placement status and other information critical to payment and approvals.	DCFS Administrative Procedure #5 (Section 5.1)
36 of 60 (60%) Child Identification Forms (CFS 680) were not maintained in the case files. (17 POS & 19 CFS cases)	Form CFS 680 is one of three required components to child identification information along with photos and fingerprints.	DCFS Procedure 301.150

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Additionally, we utilized the administrative case reviews (ACR) for the same sample to test compliance with the Illinois Administrative Code's (89 Ill. Adm. Code 316.60) 21 day notification requirement. Our sample of 60 cases resulted in 226 ACRs, which generated 737 notifications to all parties involved. We noted the following:

- 553 notifications (75%) were sent at least 21 days prior to the ACR date as required.
- 104 letters (14%) were sent with less than 21 days notice.
- 80 letters (11%) were not sent for various reasons.

The Code (89 Ill. Adm. Code 316.60) and DCFS Administrative Procedure #5 require written notification of the date, time, place and purpose of the ACR be mailed to all parties involved 21 days in advance of the ACR meeting.

Department management stated exceptions were a result of competing priorities and a lack of resources.

Failure to follow established Department procedures, regulation and State law concerning welfare of children could result in inadequate care, unauthorized services or misuse of State funds. (Finding Code No. 2018-004, 2016-001, 2014-002, 12-2, 10-2, 08-2, 07-1, 06-1, 05-3, 04-2, 03-1, 02-2, 00-10, 99-5, 98-6)

RECOMMENDATION

We recommend the Department continue in its efforts to develop ways to automate various recordkeeping functions and that the Department follows the procedures established concerning the welfare of children. The fulfillment of those procedures should be adequately documented.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees with this recommendation and continues to stress the importance that case files contain adequate and timely documentation for all child and family cases. The Department strives to continually update written procedures as changes in case practices are adopted, and review its procedures and policy guides, as systems are upgraded. Communications to caseworkers and supervisors take place through announcement on the Department's intranet and email, through notes to automated case recordkeeping releases, and trainings. All Policy, Procedure and Administrative Procedure are available through the Department's intranet and web site.

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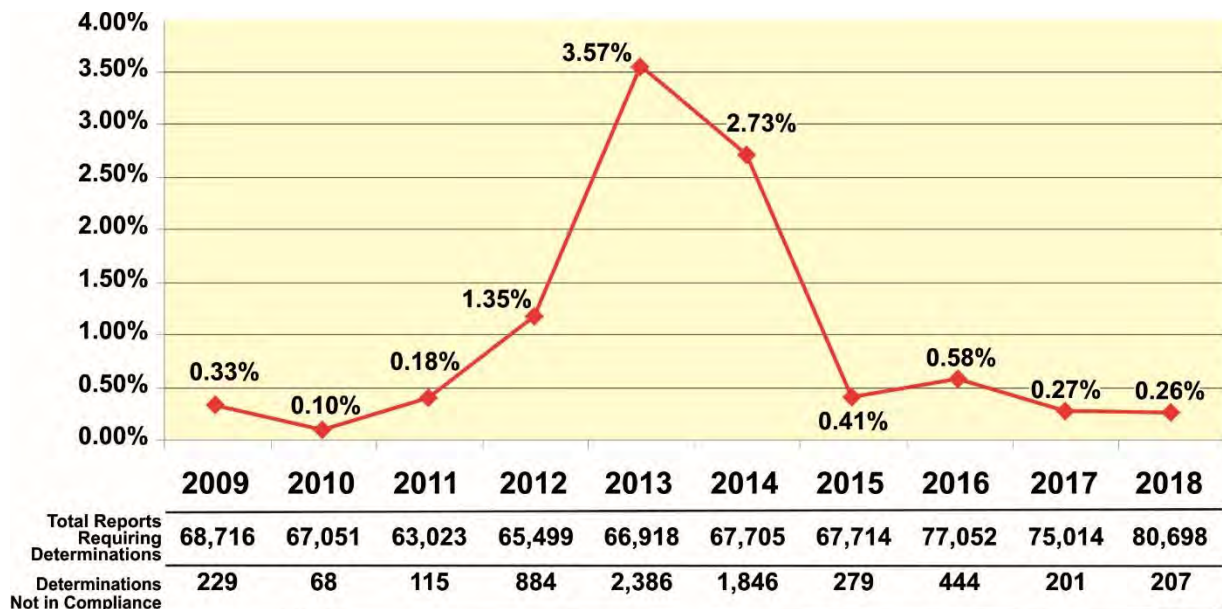
2018-005. FINDING (Child abuse and neglect determinations)

The Illinois Department of Children and Family Services (Department) did not make timely determinations of whether reports of child abuse and neglect were “indicated” or “unfounded” as required by the Abused and Neglected Child Reporting Act.

The Department did not make timely determinations within 60 days in 207 of the 80,698 (0.26%) reports and in 201 of the 75,014 (0.27%) reports of child abuse and neglect referred to the Department during fiscal years 2018 and 2017, respectively.

The Abused and Neglected Child Reporting Act (Act) (325 ILCS 5/7.12) requires the Child Protective Service Unit to determine, within 60 days, whether a report is “unfounded” or “indicated”. It further provides the Department may extend, for up to an additional 30 days, the period in which individual cases are determined. Reasons for which the determination period may be extended include, but are not limited to, the following circumstances (89 Ill. Adm. Code 300.110): a) State’s attorneys or law enforcement officials have requested that the Department delay making a determination due to a pending criminal investigation; b) medical or autopsy reports needed to make a determination are still pending after the initial 60 day period; c) the report involves an out-of-state investigation and the delay is beyond the Department’s control; or d) multiple alleged perpetrators or victims are involved necessitating more time in gathering evidence and conducting interviews.

The Department’s Monitoring/Quality Assurance Division compiles statistics to track reports that are not determined to be either “unfounded” or “indicated” in compliance with the Act (within 60 days of receipt of the report, or within 90 days if a 30-day extension is permitted). Following is a summary of those statistics:



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The Department stated human and computer error, as well as staffing levels, are factors that impact the Department's ability to meet 100% compliance.

Failure to make timely determinations of reports of abuse and neglect could delay the implementation of a service plan and result in further endangerment of the child and is a violation of the Act. (Finding Code No. 2018-005, 2016-002, 2014-003, 12-3, 10-3, 08-3, 07-2, 06-2, 05-4, 04-5, 03-2, 02-3, 00-8, 99-11, 98-10)

RECOMMENDATION

We recommend the Department determine reports of child abuse or neglect in compliance with the timeframe mandated by the Act.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. The Department realizes the importance of completing investigations and making a determination within 60 days. Currently the Department is 99% compliant with this standard and will continue to strive for 100% compliance.

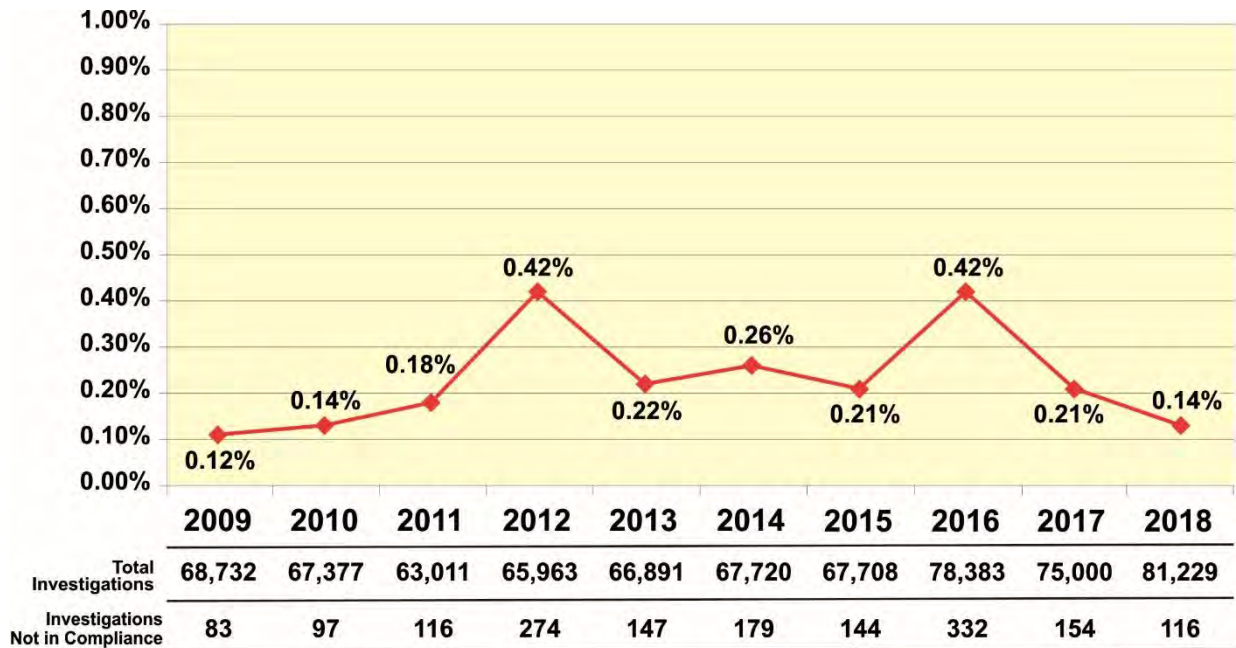
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2018-006. FINDING (Initiation of investigations of child abuse and neglect)

The Illinois Department of Children and Family Services (Department) did not timely initiate investigations of child abuse and neglect within 24 hours of receipt of the report.

The Department did not timely initiate an investigation for 116 of the 81,229 (0.14%) reports and for 154 of the 75,000 (0.21%) reports of child abuse and neglect in fiscal years 2018 and 2017, respectively.

The Abused and Neglected Child Reporting Act (Act) (325 ILCS 5/7.4(b)(2)) requires child abuse and neglect investigations “be commenced within 24 hours of receipt of the report.” The Department’s Monitoring/Quality Assurance Division compiles statistics and reports on instances of noncompliance with the Act, based on data extracted from the Department’s data warehouse and the Department’s Statewide Automated Child Welfare Information System (SACWIS). These reports are a summary of activity entered into SACWIS by the field offices. Department supervisors conduct weekly manual reviews of the reports of child abuse and neglect to monitor whether all investigations are initiated timely and in compliance with the Act. The Monitoring/Quality Assurance Division has compiled the following statistics:



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The Department stated human and computer error are factors that impact the inability to attain 100% compliance.

Failure to respond to a report of abuse or neglect within 24 hours could result in further endangerment to the child and is a violation of the Act. (Finding Code No. 2018-006, 2016-003, 2014-004, 12-4, 10-4, 08-4, 07-3, 06-3, 05-5, 04-6, 03-3, 02-4, 00-7, 99-10, 98-9)

RECOMMENDATION

We recommend the Department initiate investigations of all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Act.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. At this time the Department is over 99% compliant with this standard. The Department will continue to strive to reach 100% compliance by monitoring weekly reports and addressing missed mandates via the disciplinary process. Supervisors will be reminded to review the investigation to ensure the mandate time is correct in an effort to reduce human error.

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2018-007. FINDING (Noncompliance with the Child Death Review Team Act)

The Illinois Department of Children and Family Services' (Department) child death review teams did not complete required reviews of child deaths in accordance with timeframes established by the Child Death Review Team Act (Act).

For mandated cases in which the review was complete and the date the investigation closed was provided, we noted three of 250 (1%) reviews were not conducted within 90 days from the close of the investigation. These reviews ranged from six to nine days over the 90 day allowance. The three reviews all occurred in fiscal year 2017.

The Act (20 ILCS 515/20(c)) requires that child death review teams perform reviews of child deaths no later than 90 days from the completion of the Department's investigation, or if no investigation, within 90 days after obtaining information necessary to complete the review.

The Department stated the timeframe for one of the instances was missed because the Child Death Review Team meeting was scheduled to occur the day before Thanksgiving in November 2016. That meeting was canceled, but the December meeting was rescheduled to a date earlier than normal, which lessened the amount of time that the review on the case was overdue. The Department could not pinpoint the specific cause for the remaining two instances, but stated the high volume of cases in Cook County could have been contributing factors.

Failure to comply with the Act diminishes the effectiveness of the purposes for which the child death review teams serve and also is noncompliance with duties mandated by the Act. (Finding Code No. 2018-007)

RECOMMENDATION

We recommend the Department ensure child death reviews are conducted within the time period established by the Act.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. The Department understands the importance of the timeliness of these child death reviews and agrees with the auditors recommendation. The Department has implemented improvements to the death review process and all reviews in FY18 and FY19 to date have been completed within the 90-day requirement.

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2018-008. FINDING (Failure to file Travel Headquarters Reports)

The Illinois Department of Children and Family Services (Department) did not file all of the required Travel Headquarters Reports (TA-2 Report) during fiscal year 2018.

The Department did not file the TA-2 Reports covering the period July 1, 2017 to December 31, 2017, and January 1, 2018 to June 30, 2018. The State Finance Act (Act) (30 ILCS 105/12-3) requires State agencies to file Travel Headquarters Reports with the Legislative Audit Commission for all individuals where official headquarters are located other than where their official duties require them to spend the largest part of their working time. The reports shall be filed with the Legislative Audit Commission no later than each July 15 for the period from January 1 through June 30 of that year and no later than each January 15 for the period from July 1 through December 31 of the preceding year.

Department management stated the July 1, 2017 to December 31, 2017 TA-2 Report was not filed due to a staffing change. The Department did not realize the departed employee was the only employee responsible for preparing the TA-2 Report. The January 1, 2018 to June 30, 2018 TA-2 Report was not filed due to the newly assigned responsible employee being on a leave of absence when the report was to be prepared and submitted.

Failure to file TA-2 Reports is noncompliance with the Act and could allow employees to be improperly reimbursed for travel. (Finding Code No. 2018-008)

RECOMMENDATION

We recommend the Department ensure its TA-2 Reports are filed as required with the Legislative Audit Commission. We also recommend the Department designate backup personnel for all of its reporting responsibilities.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees with this recommendation and has implemented procedures to ensure the TA-2 Reports are submitted timely and in accordance with The State Finance Act. The Department has successfully and timely submitted all required reports in FY19.

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2018-009. FINDING (Untimely approval of contracts)

The Illinois Department of Children and Family Services (Department) did not have fully approved contracts prior to commencement of services.

During our examination of a sample of 76 purchase of care contracts, totaling \$68 million, we noted that 37 contracts (49%) had a final signature date from eight to 174 days after the effective start date of the contract. Consequently, services were performed prior to the final execution date of these contracts.

As noted in the Department's Code of Regulations (89 Ill. Adm. Code 357.110), "purchase of service providers under contract to the Department must comply with Federal and State laws and regulations and Department rules. When the provider signs the purchase of service contract, this signature shall be the provider's certification of compliance with the applicable laws, regulations, and rules." It is prudent business practice to require contracts to be signed by all parties prior to the commencement of services. In addition, the standard contracts utilized by the Department in procuring these services include the following term:

Section 1.3.2: Vendor shall not commence billable work in furtherance of the Agreement prior to final execution of the Agreement except where permitted pursuant to 30 ILCS 500/20-80.

The Department stated lack of a timely budget in fiscal year 2017 prevented the Department from obtaining required signatures prior to the start of the fiscal year. In addition, exceptions were caused by competing priorities and a lack of resources.

Failure to obtain signed contracts before the beginning of the contract period does not bind the parties to comply with applicable laws, regulations, and rules and may result in improper and unauthorized payments. (Finding Code No. 2018-009, 2016-007, 2014-008, 12-9, 10-6, 08-6, 07-5, 06-5, 05-7, 04-7, 03-5, 02-7)

RECOMMENDATION

We recommend the Department ensure all contracts are approved and signed before the beginning of the contract period.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. It is best practice to ensure all contracts are approved and signed before the beginning of the contract period whenever possible.

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2018-010. FINDING (Lack of documentation of monitoring of contracts)

The Illinois Department of Children and Family Services (Department) did not adequately document monitoring of provider agencies for compliance with contract terms.

The Department could not provide documentation demonstrating monitoring had occurred as specified in the contracts for two of 30 (7%) contracts tested, totaling approximately \$4.6 million, from the awards and grant appropriations.

According to Policy Guide 2013.07 'Non-Substitute Care Contract Monitoring Process and Requirements', Part V (b), the annual monitoring review shall be documented in writing following the format in the Non-substitute Care Contract Monitoring Database. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State Agencies to establish and maintain internal controls to ensure State resources are used efficiently and are safeguarded against loss. All of the contracts tested contained language requiring fiscal and program monitoring by the Department. The Department's performance of the monitoring should result in and be documented by the Department utilizing a monitoring report with corrective action plans when necessary. At a minimum, the Department should conduct on-site monitoring reviews of providers' services and performance, including reviews of all documentation maintained which support charges billed.

The Department stated the Department reports completion of hiring critical vacancies, conducting in-person and webinar training as planned, and initiation of the reporting database. However, the Department stated lack of adequate reporting to management resulted in this repeated finding.

Failure to monitor performance of contracted services could lead to overpayments and payments for services not performed in accordance with contract terms and requirements. Thorough fiscal and administrative monitoring, including reviews of provider billing support and documenting that service delivery is in accordance with program plans and performance goals, is an essential oversight responsibility of the Department. (Finding Code No. 2018-010, 2016-008, 2014-009, 12-7)

RECOMMENDATION

We recommend the Department perform and document adequate monitoring on all contracts to ensure contract payments are for services received and that program plans and performance goals are achieved.

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DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. DCFS has maintained and stabilized the position Deputy Director of Contract Administration, hired a Chief Accountability Officer, maintained all supervisory positions in the Regional Offices of Contract Administration and hired additional contract managers to complete the monitoring activities. Training for contract managers regarding adherence to the Department's monitoring protocol started in Spring 2017 and has been provided annually since.

In mid-FY19, DCFS implemented the Program Monitoring Review Database web application. Currently, program monitors can complete entries of their annual, quarterly, monthly and/or as needed program reviews through a web-based database application. To improve compliance, a quarterly management report is also available to the Department's executive and administrative management staff, which, in part, identifies monitoring activity on programs under contract with DCFS.

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2018-011. FINDING (Noncompliance with the State Services Assurance for FY2008)

The Illinois Department of Children and Family Services (Department) did not increase and maintain the number of bilingual staff as required by the State Services Assurance Act for FY2008 (Act) (5 ILCS 382/3-15).

The Act required that on or before July 1, 2008 the Department shall increase the number of bilingual on-board frontline staff by 40 over the level that it maintained on June 30, 2007. The Act also requires the Department to maintain its bilingual staff at the increased level.

At June 30, 2007, the Department had 154 bilingual frontline staff. Therefore, it is required by the Act to maintain a bilingual staffing level of 194. As of June 30, 2018, the Department employed 158 bilingual staff, 82 of which were considered frontline staff.

The Department stated the lack of step increases and cost of living increases, heavy case loads in certain areas, and inconsistent staffing within the engagement period, have all affected the Spanish speaking bilingual staff. The elimination of career ladder positions have also contributed to the lack of retention.

Failure to comply with this statute could lead to the Department not being able to provide adequate services to families for which English is not their first language. (Finding Code No. 2018-011, 2016-009, 2014-006, 12-16, 10-12)

RECOMMENDATION

We recommend the Department comply with the Act or, alternatively, if determined that the bilingual staffing level required by the Act is not representative of its needs, seek a legislative remedy to the statutory requirement.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees with this recommendation and made efforts to meet this mandate, while addressing the needs of all clients. DCFS will continue to maintain translation services, recruitment efforts targeted to bilingual vacancies, and programs such as career development, self-development and training programs targeted to its bilingual employees.

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2018-012. FINDING (Employee performance evaluations not performed or not performed timely)

The Illinois Department of Children and Family Services (Department) did not complete or conduct annual performance evaluations on a timely basis.

Upon examination of 60 personnel files, we noted the following exceptions related to the Department's completion of annual performance evaluations:

- The Department did not complete performance evaluations for 17 (28%) employees during fiscal year 2017 and 33 (55%) employees during fiscal year 2018. As of the date of our testing, August 8, 2018, these evaluations were overdue by nine to 707 days.
- The Department did not conduct performance evaluations in a timely manner for 17 (28%) employees during fiscal year 2017 and ten (17%) employees during fiscal year 2018. These evaluations were completed ten to 328 days after their due date.

Personnel rules issued by the Illinois Department of Central Management Services (80 Ill. Adm. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less than annually. Annual evaluations support administrative personnel decisions by documenting regular performance measures.

Department management explained monthly notifications are provided to each respective supervisor and their chain of command with the notification of three timeframes for evaluations. The Department stated not having salary increases tied to the completion of performance evaluations decreases supervisors' diligence in meeting these deadlines as they juggle the more pressing daily functions of their jobs.

Employee performance evaluations are an effective management tool for helping employees work toward common goals. Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations. (Finding Code No. 2018-012, 2016-010, 2014-015, 12-11, 10-11, 08-15)

RECOMMENDATION

We recommend the Department enforce the existing policies regarding timely completion of performance appraisals.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees that evaluations should be performed timely and acknowledges that timely annual evaluations for all certified employees are necessary. Management will work towards improving its efforts to meet the requirements of the Illinois Administrative Code related to evaluations.

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2018-013. FINDING (Equipment leases not reported to Comptroller)

The Illinois Department of Children and Family Services (Department) did not complete form SCO-560, Accounting for Leases-Lessee, for all items of leased property with a fair market value greater than \$5,000.

During our property and equipment testing, we requested the Department provide us with copies of all lease agreements and the related forms SCO-560 completed and submitted for the engagement period. The Department stated while it leased equipment with a fair market value in excess of \$5,000, it did not complete or submit forms SCO-560 during the engagement period.

The Statewide Accounting Management System (SAMS) (Procedure 27.20.60) requires the Department complete a form SCO-560 for each piece of equipment leased under a multiple period lease in which the asset being leased has a fair market value greater than \$5,000. Form SCO-560 includes a variety of information concerning the lease terms and is used to aid in the determination of whether disclosure or capitalization of the lease in the State's financial statements is required.

Department management stated, due to changes in staff and the resulting loss of institutional knowledge, the Department was unable to determine how to obtain the required information to complete the SCO-560's as required.

Failure to provide the Comptroller with lease information via form SCO-560 can impede the Comptroller in the preparation of the Statewide financial statements and is noncompliance with SAMS. (Finding Code No. 2018-013, 2016-005)

RECOMMENDATION

We recommend the Department complete and submit form SCO-560, Accounting for Leases-Lessee, as required by SAMS.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees with the recommendation and has implemented procedures to ensure the form SCO-560 is completed when required. All required SCO-560 forms have been successfully filed with the Comptroller in FY19.

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2018-014. FINDING (Failure to maintain accurate property records)

The Illinois Department of Children and Family Services (Department) failed to maintain accurate property records.

During our testing of 40 items added to the Department's property records during the engagement period, we noted the following:

- Eleven of 40 (28%) items tested, totaling \$2,729, were not recorded at the proper value, according to the supporting documentation provided by the Department. The assets should have been recorded at \$2,252. The assets were overstated by \$477.
- Seventeen of 40 (43%) items tested, totaling \$56,746, were not timely entered into the Department's equipment inventory records. The number of days late ranged from five to 156.

During our testing of 25 items removed from the Department's property records during the engagement period, we noted the following:

- Three of 25 (12%) items tested, totaling \$40,379, were not timely removed from equipment inventory records. The number of days late ranged from 11 to 2,848.

The State Property Control Act (30 ILCS 605/4) requires responsible officers of the State to maintain accountability for the supervision, control, and inventory of all property under their jurisdiction to ensure the proper accounting and safeguarding of State assets. Further, the Illinois Administrative Code (44 Ill. Adm. Code 5010.400) requires the Department to update its property records within 30 days of acquisition, change, or deletion of equipment items.

Department management stated the exceptions were caused by the systematic limitations within its inventory tracking system and human error.

Failure to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. (Finding Code No. 2018-014)

RECOMMENDATION

We recommend the Department strengthen internal controls over the recording of State property by strengthening their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. With the conversion of inventory over to the SAP system, the Department is strengthening their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements.

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2018-015. FINDING (Accident reports not filed timely)

The Illinois Department of Children and Family Services (Department) employees failed to timely file accident reports.

During the examination period, Department employees were involved in 13 accidents while on official State business. We determined five of the 13 (38%) related accident reports were not filed with the Illinois Department of Central Management Services (DCMS) within seven days. The reports ranged from six to 27 days late.

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5040.520(i)) and the DCMS Vehicle Guide (Guide) require all accidents to be reported to DCMS within seven calendar days after the accident.

The Department stated a lack of knowledge by the employees involved in the accidents concerning the reporting procedures and a lack of timely communication from those employees caused the late reporting of the accidents to DCMS.

Untimely submission of accident reports could delay an investigation, impair the State's ability to defend itself against claims, or delay settlement of claims made against the State. (Finding Code No. 2018-015, 2016-012, 2014-016, 12-15)

RECOMMENDATION

We recommend the Department ensure employees' accident reports are submitted to DCMS within seven calendar days of accidents, as required by the Code and Guide.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. The Department will ensure that accident reports submitted to the Office of Administrative Services are submitted to DCMS within seven calendar days of receipt of such report.

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2018-016. FINDING (Federal reimbursements not requested timely)

The Illinois Department of Children and Family Services (Department) failed to timely request reimbursement of federally supported programs.

The Department participated in approximately 31 federally supported programs in fiscal year 2018. Of the 31 programs, five (16%) of these had receivables at the end of the fiscal year that were 70% or greater than the year’s total reimbursable costs. Listed below is a breakdown of prior year receivables, current year reimbursable costs, amount received in the current year, and end of the year receivables for those five grants (amounts in thousands):

Grant ID	Prior Year Receivable	Current Year Reimbursable Cost	Current Year Receipts	Current Year Receivable	Current Year Receivable as % of Current Year Reimbursable Costs
1127	\$ -	\$ 12,547	\$ 2,580	\$ 9,967	79%
1133	\$ -	\$ 4,812	\$ 1,265	\$ 3,547	74%
1345	\$ 101	\$ 4	\$ 86	\$ 19	475% *
1348	\$ 47	\$ -	\$ -	\$ 47	N/A *
1352	\$ 4	\$ 37	\$ -	\$ 41	111% *

**Because the current year receivable exceeded the current year reimbursable cost, the % is greater than 100%, or, if the current year reimbursable cost was \$0, is N/A.*

The Illinois State Collection Act of 1986 (30 ILCS 210/3) states that it is the responsibility of each State agency to timely collect amounts owed to that agency. Good cash management practices require that monies owed the State be requested in a timely manner.

The Department stated, due to the nature of the federal programs the Department participates in, an analysis of prior spending has to be done before money can be claimed or drawn. The Department did not complete this analysis prior to the end of the fiscal year so it could not draw these funds until fiscal year 2019.

Delays in collecting monies owed to the Department deprive the State of available cash resources with which to administer operations and programs. (Finding Code No. 2018-016, 2016-011, 2014-12, 12-10)

RECOMMENDATION

We recommend the Department comply with the Illinois State Collection Act of 1986 by requesting earned federal reimbursements more timely.

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DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees with the recommendation that it can improve the timeliness of some of our federal draws. Some of the programs at DCFS require the Department to make expenditures from our funds for services provided to youth where we are unsure if the State is eligible for federal program reimbursement until an analysis of the youth's placement can be completed. Depending on the program and the type of placement, this analysis cannot always be completed by the end of the fiscal year, so we will always have some accrued receivables from our federal programs.

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2018-017. FINDING (Noncompliance with the Abused and Neglected Child Reporting Act)

The Illinois Department of Children and Family Services (Department) failed to comply with several sections of the Abused and Neglected Child Reporting Act (Act) (325 ILCS 5).

We tested several sections of the Act and noted the following exceptions:

- The Act (325 ILCS 5/4.4b) states whenever the Department receives a report of suspected abuse or neglect of a child and the child's parent or guardian is named in the report as the alleged perpetrator of the child abuse or neglect, the Department shall make efforts as soon as practicable to determine the military status of the parent or guardian. If the Department determines the parent or guardian is a service member, the Department shall notify the geographically closest Department of Defense Family Advocacy Program within the State that there is an allegation of abuse or neglect against the parent or guardian that is open for investigation. If the Department determines that the person or guardian is a member of the Illinois National Guard, the Department shall also notify the Office of the Adjutant General.

During our testing of 13 investigations performed by the Department during the engagement period, we noted two (15%) instances where the Department did not indicate that the case involved military personnel, and another two (15%) instances where the Department did not send a notification to the appropriate military base. In addition, when we examined the listing of investigations provided by the Department and the supporting case notes, we identified two additional cases not on the initial listing by the Department. Due to these conditions, the accountants were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's compliance with the Act.

Even given the population limitations noted which hindered the ability to conclude whether the selected sample was representative of the population as a whole, the accountants selected a sample of 13 investigations from the listing provided by the Department and performed testing. The Department stated the need to notify the Department of Defense has been placed in Procedure 300, but it was not communicated to the field and, as a consequence, they were not made aware of the legislated mandate. The Department attributed the failure to provide a complete listing to human error.

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- The Act (325 ILCS 5/7.3c) requires the Department, with the Illinois Department of Human Services, to develop a community-based system of integrated child welfare and substance abuse services for the purpose of providing safety and protection for children, improving adult health and parenting outcomes, and improving family outcomes. The Department, in cooperation with the Department of Human Services, shall develop case management protocols for Department clients with substance abuse problems and shall evaluate the effectiveness of these pilot programs and report to the Governor and the General Assembly on an annual basis.

The Department submitted the fiscal year 2017 report on August 2, 2017, but did not submit the fiscal year 2018 report to the General Assembly or Governor documenting the case management protocols and program's effectiveness. The Department stated the fiscal year 2018 report was delayed due to a lack of sufficient staff and temporary peak workloads from other required projects.

- During our testing of the Department's compliance with its procedures for transmitting hotline phone calls to the appropriate Child Protective Services Unit, we noted the following exceptions:
 - No documentation of Law Enforcement Agency Data System (LEADS) check for all persons noted in the report could be found for seven of 60 (12%) calls tested.
 - No documentation of a State Central Register (SCR) created for the report in 27 of 60 (45%) calls tested.

Department Procedure 300.40 outlines the process for transmitting hotline phone calls to the appropriate Child Protective Services Unit. The Act (325 ILCS 5/7.6) requires there to be a single State-wide, toll-free telephone number established and maintained by the Department which all persons may use to report suspected child abuse or neglect. Immediately upon receipt of such report, the Department shall transmit the contents of the report to the appropriate Child Protective Services Unit. Department management attributed these exceptions to personnel turnover and the failure to emphasize with new staff the importance of the need to make these requests.

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- The Department did not appoint any members specializing in neonatal medical care to serve on the Citizen's Committee on Child Abuse and Neglect. The Department appointed the chairperson and members of a State-wide Citizen's Committee on Child Abuse and Neglect to consult with and advise the Director; however, the Department did not appoint a member who specializes in neonatal medical care.

The Act (325 ILCS 5/11.7) requires that the Department appoint the chairperson and members of a State-wide Citizen's Committee on Child Abuse and Neglect (SCAN) to consult with and advise the Director. The committee should be composed of individuals of distinction in human services, neonatal medical care, needs and rights of persons with disabilities, law and community life, and broadly representative of social and economic communities across the state. Department management stated the Department was not able to identify a member who specializes in neonatal care to participate on the SCAN committee.

Failure to comply with the Act regarding notifying the Department of Defense Family Advocacy Program within the State, identifying the individuals involved as military personnel, and not maintaining a complete listing of these investigations impedes the Department from ensuring it communicates suspected abuse or neglect involving children of military personnel to the Department of Defense Family Advocacy Program for further follow-up. Timely submission of annual reports to the General Assembly and Governor is necessary for compliance with the Act and provides information on the effectiveness of pilot programs initiated. Incorrectly following its internal procedures regarding the transmission of hotline phone calls to the appropriate Child Protective Services Unit impedes its effectiveness and could endanger children. Failure to appoint a member who specializes in neonatal medical care to the State-wide Citizen's Committee on Child Abuse and Neglect prevents those needs from being specifically addressed by the Committee and impedes the Committee from advising and consulting with the Director on neonatal medical care. (Finding Code No. 2018-017, 2016-014, 2014-017, 12-13)

RECOMMENDATION

We recommend the Department notify the Department of Defense Family Advocacy Program within the State of suspected abuse or neglect involving children of military personnel, identify the individuals involved as military personnel, and maintain a complete listing of those investigations. We also recommend the Department ensure the timely submission of annual reports required by the Act to the General Assembly and Governor. Further, we recommend the Department correctly follow its internal procedures regarding the transmission of hotline phone calls to the appropriate Child Protective Services Unit. Finally, we recommend the Department appoint a member to the State-wide Citizen's Committee on Child Abuse and Neglect who specializes in neonatal medical care.

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DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. The required reports were filed during the audit and the 2017 report was filed on a timely basis. A database system has been implemented to keep track of all of the audit requirements.

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2018-018. FINDING (Noncompliance with the Children and Family Services Act)

The Illinois Department of Children and Family Services (Department) did not comply with the Children and Family Services Act (Act) (20 ILCS 505).

The Act (20 ILCS 505/17a-11) requires the Department, in cooperation with the Department of Juvenile Justice, the Department of Human Services, and the Illinois State Board of Education, to establish the Governor's Youth Services Initiative. This program shall offer assistance to multi-problem youth whose difficulties are not the clear responsibility of any one State agency. Further, the Act requires a policy board be established for decision-making, which shall meet at least quarterly.

The Department did not maintain a Governor's Youth Services Initiative Program to provide assistance to multi-problem youth. However, the Department identified the rules promulgated concerning the initiative (89 Ill. Adm. Code 311).

Department management stated its personnel were unable to identify the current existence of the program or any activity related thereto. Department personnel also stated some general Department programming addresses services contained in the Act, but the development of a formal initiative and policy board has not occurred.

Failure to maintain the Governor's Youth Services Initiative may impede the development of initiative programs in densely populated areas of the State to meet the needs of multi-problem youth and represents noncompliance with the Act. (Finding Code No. 2018-018, 2016-015)

RECOMMENDATION

We recommend the Department review the requirements concerning the Governor's Youth Services Initiative and take appropriate measures to implement initiatives to accomplish the intended purposes as outlined in the Act or seek legislative remedy.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. The Department has been working with other State and local agencies to develop initiatives for dually involved youth and will continue to work towards compliance with the Act.

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2018-019. FINDING (Noncompliance with the Adoption Act)

The Illinois Department of Children and Family Services (Department) did not comply with the Adoption Act (Act) (750 ILCS 50).

We tested several sections of the Act and noted the following exceptions:

- The Act (750 ILCS 50/18.3a(q)) requires the Department to submit reports to the Adoption Registry – Confidential Intermediary Advisory Council by July 1 and January 1 of each year in order to report the penalties assessed and collected under Section 18.3a(p) of the Act, the amounts of related deposits into the DCFS Children’s Services Fund, and any expenditures from such deposits. During the engagement period, the Department did not file such required reports. The Department stated it did not file the reports because no penalties were assessed under the Act.
- The Act (750 ILCS 50/4.1(b)(3)) states, no later than 30 days after the effective date of the amendatory Act of the 100th General Assembly, the Department shall distribute a written list of all pre-adoption approval requirements to all Illinois licensed child welfare agencies performing adoption services, and all out-of-state agencies approved under this section, and shall post the requirements on the Department’s website.

During our testing, the Department provided a copy of Policy Guide 2018.06, which was adopted March 1, 2018. This Policy Guide and form CFS 490-1A lists the pre-adoption requirements required in the Statute, and both are accessible on the Department’s website. However, the Department could not provide documentation to demonstrate that it had distributed a written list of all pre-adoption approval requirements to all Illinois licensed child welfare agencies performing adoption services and all out-of-state agencies approved under this Act. The Department stated it did not distribute a written list of all pre-adoption approval requirements to all Illinois licensed child welfare agencies performing adoption services, and all out-of-state agencies approved under this section because a comprehensive list of all Illinois agencies that provide adoption services is not known and an inclusive list of all out-of-state agencies is not available.

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- The Act (750 ILCS 50/4.1(b)(5) through (b)(6)) states, in all cases where the child to be placed is not a youth in the care of any state, if the Department denies approval of an interstate placement, the written decision is to set forth the reason(s) why the placement was not approved and shall reference the requirements that were not met. The Department stated there were no denials of any private interstate compact adoption where a full complete packet was provided for examination during the engagement period.

The Department provided a listing of provisional approvals that was created in September 2017. Prior to the creation of this log, the Department noted provisional approvals and any denials in the database; however, once full approval was provided, the notation of the type of approval was changed from provisional to approved. Thus, the Department could not provide sufficient documentation for the lack of denied child placements prior to September 2017. Due to these conditions, the accountants were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's compliance with the Act.

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether the selected sample was representative of the population as a whole, the accountants examined the listing of provisional approvals that was created in September 2017. The Department stated the reason it could not support its claim of not denying any private placement during the examination period was due to its practice of changing the approval from provisional to approved within the database, and not retaining the original provisional listing.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the functions and procedures of the Department.

Not filing reports to the Adoption Registry – Confidential Intermediary Advisory Council (Council) by July 1 and January 1 each year prevents the Council from learning of the penalties assessed, even if there were none. Failure to provide documentation to demonstrate it had distributed a written list to all pre-adoption approval requirements to all Illinois licensed child welfare agencies performing adoption services and all out-of-state agencies approved under the Act prevented the Department from executing the intent of the 100th General Assembly. Finally, not maintaining a log of its provisional approvals of interstate placement prevented the Department from demonstrating compliance with the Act. (Finding Code No. 2018-019)

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RECOMMENDATION

We recommend the Department file the required reports with the Adoption Registry – Confidential Intermediary Advisory Council by July 1 and January 1 annually. We also recommend the Department maintain documentation to demonstrate it distributes a written list to all pre-adoption approval requirements to all Illinois licensed child welfare agencies performing adoption services and all out-of-state agencies approved under the Act. Finally, we recommend the Department maintain a log of its provisional approvals of interstate placement.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. We will work toward more timely compliance with report filings. We agree to develop and maintain documentation to demonstrate that a written list of all pre-adoption approval requirements will be/has been provided to all Child Welfare Agencies performing adoption services. Provisional log has been kept by the Interstate Compact on the Placement of Children (ICPC) office since September of 2017. The Illinois ICPC office has sent the pre-adoptive requirements as well as the full revised Procedures 328-Interstate Compact to each Illinois licensed child welfare agency who performs adoption services and all out of state agencies approved under the Act. Any new agency either within the state or out of state who registers with the ICPC will be provided this information via email and verification of the correspondence is kept by the ICPC office. We agree to maintain a log of all provisional approvals of interstate placement.

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2018-020. FINDING (Noncompliance with the Child Care Act of 1969)

The Illinois Department of Children and Family Services (Department) did not comply with the Child Care Act of 1969 (Act) (225 ILCS 10).

We tested several sections of the Act and noted the following exceptions:

- The Act (225 ILCS 10/3.2) establishes requirements for adoption-only homes for a licensed child welfare agency. The Department was to adopt procedures necessary for the implementation of Section 3.2 no later than 30 days after the effective date of P.A. 99-833, January 1, 2017. The due date of the procedures was January 31, 2017. The Department provided documentation of Policy Guide 2017.04, which addresses the changes in legislation concerning adoption-only homes and licensed child welfare agencies. Policy Guide 2017-04 was dated February 17, 2017; thus, it was not adopted on or before January 31, 2017. Furthermore, Policy Guides expire after one year of being issued, and the Department has not created official procedures to replace Policy Guide 2017.04.
- The Act (225 ILCS 10/5.2(b)) requires the Department to notify child care facilities, on an ongoing basis, including during the license application, facility examination, and during annual license monitoring visits, of the provisions of this section, the Children's Product Safety Act and of the comprehensive list of unsafe children's products as provided and maintained by the Department of Public Health available on the Internet, as determined by the Act, in plain non-technical language that will enable each child care facility to effectively inspect children's products and identify unsafe children's products. The Department shall adopt rules to maintain data on child care facilities without Internet access and shall ensure the child care facilities without Internet access register for available mailing lists of pertinent recalls distributed in paper form.

During our testing, we noted the Department has forms to encourage facilities to sign up for mailings lists through the Consumer Product Safety Commission (CPSC). However, the Department does not currently have a mechanism to confirm with the CPSC that specific facilities are registered or have registered to receive mailed notifications. We also noted the Department does not have special procedures concerning the notification to licensed facilities when the unsafe children's product list is updated.

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- The Act (225 ILCS 10/5.10) requires the Department, in consultation with the Governor's Office of Early Childhood Development and the State Board of Education, to adopt rules prohibiting the use of expulsion due to a child's persistent and serious challenging behaviors in licensed day care centers, day care homes, and group day care homes. As of our fieldwork on August 22, 2018, the rulemaking was still in process.
- The Act (225 ILCS 10/6) requires the Department to examine every child care licensed facility for renewal of license, including in that process the examination of the premises and records of the facility to ensure that minimum standards for licensing continue to be met, and random surveys of the consumers of these facilities to assess the quality of care. If a license is revoked or not renewed, the Department must not allow a child care facility to reapply for a license before the expiration of 12 months. The Act requires the Department to perform a site visit prior to renewal of the license.

During our testing, we noted the following:

- The Department did not send random surveys of parents at renewal for 25 of 25 (100%) renewals tested.
- The Department maintained incomplete documentation to ensure the minimum standards of licensing were met for six of 25 (24%) renewals tested.
- The Act (225 ILCS 10/7(a)(1) through 10/7(a)(16)) states the Department must prescribe and publish minimum standards for licensing that apply to the various types of facilities for child care as defined in the Act and that are equally applicable to like institutions under the control of the Department and to foster family homes used by and under the direct supervision of the Department. The Department provided its rules which constitute its minimum standards for licensing. During our testing, we noted the Department's rules omitted the following related to the minimum requirements outlined in the Act:
 - Certification in first aid, the Heimlich maneuver, and cardiopulmonary resuscitation (CPR)
 - Protecting the religious faith of children
 - Protecting the legal rights of children served, specifically related to day care agencies, day care homes, day care centers, and group day care homes
 - Filing reports with the Department
 - Financial competence of the applicant
 - Complete training every three years on the nature of sudden unexpected infant death syndrome, sudden infant death syndrome, and safe sleep recommendations

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- The Act (225 ILCS 10/11.1(a)) states, if the Department has reasonable cause to believe that any person, group of persons, corporation, agency, association, organization, institution, center, or group is engaged or about to engage in any acts or practices that constitute or will constitute a violation of this Act, the Department shall inform the Attorney General or the State's Attorney of the appropriate county, who may initiate the appropriate civil or criminal proceedings. The Department performed two investigations during the engagement period related to this section of the Act. One of the investigations was still ongoing during our fieldwork as of September 5, 2018. For the other investigation, the Department did not send a notification to the Attorney General or the State's Attorney about the practices that constitute or will constitute a violation of the Act.

- The Act (225 ILCS 10/12(g)) requires the Department to maintain a website listing child welfare agencies licensed by the Department that provide adoption services and other general information for biological parents and adoptive parents. The website shall include, but not be limited to, agency addresses, phone numbers, e-mail addresses, website addresses, annual reports, agency license numbers, the Birth Parent Bill of Rights, the Adoptive Parents Bill of Rights, and the Department's complaint registry. During our testing, we noted the Department's website did not include all the email addresses, license numbers, annual reports, addresses, phone numbers, and website addresses of child welfare agencies licensed by the Department that provide adoption services. The Department's website also did not include the Department's complaint registry.

Department management stated these exceptions were caused by a lack of resources and competing priorities from other divisions in promulgating policies, rules and procedures, e.g. child protection, child welfare, and permanency. The Department also stated the Administrative Procedures Act and DCFS Administrative Procedure #1 require multiple steps to be taken before rules and procedures can be fully approved, adopted and filed with the Secretary of State's Office.

Failure to timely adopt procedures for the implementation of Section 3.2 and subsequently allowing Policy Guide 2017.04 to expire prevents the Department from implementing and maintaining requirements for adoption-only homes for licensed child welfare agencies. Not adopting rules to maintain data on child care facilities without Internet access, ensuring those child care facilities register for available mailing lists of pertinent recalls in paper forms, confirming with the CPSC that specific facilities are registered, and not having procedures concerning the notification to licensed facilities when the unsafe children's product list is updated impairs the Department's ability to ensure the safety of children in child care facilities. Failure to finalize rules prohibiting the use of expulsion due to the child's persistent and serious challenging behaviors in licensed day care centers, day care homes, and group day care homes is noncompliance with the Act. Failure to send random surveys to consumers of a child care facility prevents the examination of complete documentation to ensure standards of licensing are met and could result in care of children that is below the minimum standards.

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Not including all the required statutory requirements within the minimum standards for licensing that apply to the various types of facilities for child care prevents the Department's rules from being complete and accurate. Not informing the Attorney General or the State's Attorney of the appropriate county of its investigations prevents those parties from the opportunity to initiate appropriate civil or criminal proceedings. Failure to maintain a complete website listing of child welfare agencies licensed by the Department prevents the Department from providing a statutorily comprehensive listing of those providing adoption services and other general information for biological parents and adoptive parents. (Finding Code No. 2018-020)

RECOMMENDATION

We recommend the Department: (1) implement and maintain requirements for adoption-only homes for licensed child welfare agencies; (2) adopt rules to maintain data on child care facilities without Internet access, ensure those child care facilities register for available mailing lists of pertinent recalls in paper forms, confirm with the CPSC that specific facilities are registered, and have procedures concerning the notification to licensed facilities when the unsafe children's product list is updated; (3) finalize rules prohibiting the use of expulsion due to the child's persistent and serious challenging behaviors in licensed day care centers, day care homes, and group day care homes; (4) re-examine the premises and records of facilities to ensure minimum standards of licensing are met, and send random surveys to consumers of the facilities; (5) include all the required statutory requirements within the minimum standards for licensing that apply to the various types of facilities for child care; (6) inform the Attorney General or the State's Attorney of the appropriate county of its investigations; and (7) maintain a complete website listing of child welfare agencies licensed by the Department to provide adoption services.

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DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees with the auditor's recommendations with responses to specific recommendations as follows: (1) The adoption-only language in the Child Care Act needs to be promulgated into Rule 401. DCFS will renew the Policy Guide for 6 months, until the same language is formally promulgated into Rule. (2) DCFS acknowledges the importance of ensuring its licensed Child Care providers have access to information about unsafe children's products. DCFS will continue to work with the provider community to develop methods to communicate information from the Consumer Product Safety Commission to providers that do not have internet access. (3) DCFS has drafted day care licensing rules prohibiting the use of expulsion as defined and required by the Act and submitted them for review and approval. (4) The Department will investigate ways to best comply with the random survey language in the Act and will review policies and training methods to ensure proper documentation is maintained to ensure minimum safety standards of licensing are met. (5) DCFS will review its rules for daycare licensing facilities to ensure all required statutory requirements are included. (6) The DCFS' Licensing Supervisor will monitor on a quarterly basis all unlicensed facility complaints to ensure that the Attorney General or States Attorney is notified in writing, when required. The supervisor will keep a log of all unlicensed complaints and disposition of complaints, including documenting dates States Attorney and Attorney General was notified. A hard copy of the unlicensed complaint file will be kept. (7) DCFS will include all required information of child welfare agencies licensed by the Department on its website.

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2018-021. FINDING (Noncompliance with statutory mandates)

The Illinois Department of Children and Family Services (Department) failed to comply with various portions of statutory mandates.

During our testing of various statutory mandates, we noted the following exceptions:

- The Child Sexual Abuse Prevention Act (325 ILCS 15/7) states the Director shall submit annual reports to the General Assembly concerning his or her findings concerning the degree of achievement of the goals of the Child Sexual Abuse Prevention Act. During our testing, the Department supplied the 2018 report it provided to the General Assembly in June 2018. However, the Department could not provide documentation that it created and sent the 2017 report to the General Assembly. The Department stated the exception was caused by lack of sufficient resources devoted or allocated to this area.
- The Illinois Council on Developmental Disabilities Law (Law) (20 ILCS 4010/2004.5) outlines the membership of the Illinois Council on Developmental Disabilities (Council), which includes the Director or his or her designee as a voting member. Our testing noted that an interim representative attended one of the 12 (8%) meetings held by the Council during the engagement period. However, the Department was unable to locate meeting minutes to verify that either the Director or designee attended the other Council meetings held during the engagement period. The Department stated the exception was caused by lack of sufficient resources devoted or allocated to this area.
- The Illinois Muslim American Advisory Council Act (20 ILCS 5110/15 to 5110/30) created the Illinois Muslim American Advisory Council (IMAAC) to advise the Governor and the General Assembly on policy issues impacting Muslim Americans and immigrants; to advance the role and civic participation of Muslim Americans in Illinois; to enhance trade and cooperation between Muslim-majority countries and Illinois; and to build relationships with and disseminate information to, in cooperation with State agencies, boards, and commissions, Muslim American and immigrant communities across Illinois. The Director is to appoint a liaison to serve as an ex-officio member of the IMAAC, which is to meet at least once per month. The Department did not have a designated representative for the IMAAC during the engagement period. The Department stated the exception was caused by lack of sufficient resources devoted or allocated to this area.

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- The Administration of Psychotropic Medications to Children Act (Act) (20 ILCS 535/15(a) to 535/15(b)) requires the Department to prepare and submit an annual report by December 31 of each year, covering the previous fiscal year, to the General Assembly concerning the administration of psychotropic medication to persons for whom it is legally responsible. The Act requires the reporting to the General Assembly by filing copies of the report with the Speaker, the Minority Leader, and the Clerk of the House of Representatives, the President, the Minority Leader, and the Secretary of the Senate, and the Legislative Research Unit, and by filing additional copies with the State Government Report Distribution Center for the General Assembly. The 2016 and 2017 reports were not sent to the State Government Report Distribution Center on behalf of the General Assembly. The Department stated the Annual Psychotropic Medication report was created and distributed by two different divisions. The Department stated the failure to communicate resulted in the report being distributed to some, but not all of the entities required by the statutory mandates.

Not maintaining documentation of the submission of statutorily required reports prevents the Department from demonstrating its compliance with various statutory mandates. The failure to participate on the Illinois Council on Developmental Disabilities prevents the Department from representing its clients on that Council. The failure of the Department to have a designated representative for Illinois Muslim American Advisory Council and attend the monthly meeting impairs the Department's ability to satisfy the legislative intent of the Illinois Muslim American Advisory Council Act. (Finding Code No. 2018-021)

RECOMMENDATION

We recommend the Department comply with the Illinois Council on Developmental Disabilities Law and Illinois Muslim American Advisory Council Act by having the Director or a designee attend all Illinois Council on Developmental Disabilities and Illinois Muslim American Advisory Council meetings, and maintain documentation of the Director's or designee's attendance. Finally, we recommend the Department maintain documentation of the submission of statutorily required reports to allow the Department to demonstrate its compliance with various statutory mandates.

DEPARTMENT RESPONSE

Issue: The Child Sexual Abuse Prevention Act

The Department of Children and Family Services (DCFS) agrees. Going forward the Department will ensure that not only are the annual reports on the Child Sexual Abuse Prevention Act created and sent to the General Assembly, but that they are also well documented so that compliance with this statutory mandate can be demonstrated.

Issue: The Illinois Council on Developmental Disabilities Law

The Department of Children and Family Services (DCFS) agrees. We will ensure that these meetings are attended moving forward.

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Issue: The Illinois Muslim American Advisory Council

The Department of Children and Family Services (DCFS) agrees. We are now in the process of making sure this person is appointed. We have already spoken with her and she is eager to represent the Department on this council.

Issue: The Annual Psychotropic Medication report

The Department of Children and Family Services (DCFS) agrees. Going forward we will ensure that these reports are delivered to all the proper recipients including the State Government Report Distribution Center.

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2018-022. FINDING (Noncompliance with the State Prompt Payment Act)

The Illinois Department of Children and Family Services (Department) did not pay all prompt pay interest (PPI) in fiscal years 2017 and 2018, as required by the State Prompt Payment Act (Act) (30 ILCS 540/3-2).

The Department owed 312 vendors \$100,233 in prompt payment interest in fiscal year 2017. However, the Department did not remit these payments to vendors in fiscal year 2017. The Department instead submitted its calculations to the Illinois Office of the Comptroller (Comptroller) in a single batch on the last day of the lapse period, but because the file contained a vendor ineligible to receive interest for late payments, the calculation reports were rejected and not processed in fiscal year 2017.

The Department owed 484 vendors \$414,557 in prompt payment interest in fiscal year 2018. The Department did not remit these payments to the vendors in fiscal year 2018. The Department failed to submit the calculations to the Comptroller for payment.

The Act requires the payment of interest penalties when payment to vendors are not made within 90 days of a properly approved bill.

The Department stated with the payment system in place during the engagement period, it took at least two weeks for the Department's Information Technology staff to complete the tasks necessary to create the prompt payment interest vouchers. The Department stated Department staff did not request the jobs run in time to ensure payments could be made. The Department stated it could not create the prompt pay file without more lead time than what was allowed due to the retirement of the lead legacy system programmer.

Failure to properly pay PPI in a timely manner requires unpaid vendors to seek payment through the Illinois Court of Claims and results in noncompliance with the Act. (Finding Code No. 2018-022)

RECOMMENDATION

We recommend the Department ensure interest payments required by the Act are paid in a timely manner.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees. The Department implemented SAP as part of the Statewide Enterprise Resource Planning project and will use the Prompt Pay functionality of SAP to ensure interest payments required by the Act are made.

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2018-023. FINDING (Deficiencies in management of returned checks)

The Illinois Department of Children and Family Services (Department) had deficiencies in its management of returned checks.

The Department was unable to provide us with a listing of returned checks for fiscal year 2018. Due to these conditions, the accountants were unable to conclude the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's compliance with the returned checks.

Even given the population limitations noted which hindered the ability to conclude whether the selected sample was representative of the population as a whole, the accountants tested all four (100%) returned checks in fiscal year 2017. The Department could not provide any of the supporting documentation to demonstrate its collection attempts in order to receive a payment. Therefore, we were not able to determine if the returned checks were properly being processed.

The Statewide Accounting Management System (SAMS) (Procedure 26.40.10) states, throughout the collection process, it is critical that agencies maintain complete records of all collection efforts related to each past due account. Collection documentation will be required in order to support potential legal action against the debtor, or to justify certification of uncollectibility. The State Records Act (5 ILCS 160/8) states the head of each agency shall preserve records containing adequate and proper documentation of the agency designed to protect the legal and financial rights of the State and of persons directly affected by the agency's actions.

Department management stated the lack of documentation for returned checks was due to inadequate procedures and training for the returned check process.

Failure to properly manage returned checks could lead to inaccurate financial reporting and is in noncompliance with SAMS and State statute. (Finding Code No. 2018-023)

RECOMMENDATION

We recommend the Department maintain the records necessary to demonstrate its collection attempts in accordance with SAMS for returned checks.

DEPARTMENT RESPONSE

The Department of Children and Family Services (DCFS) agrees and has implemented procedures to ensure records are maintained as necessary. The Department has received 2 returned checks in FY19 and started collection procedures in both circumstances as required by SAMS.

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PRIOR FINDINGS NOT REPEATED

A. FINDING (Lack of reviews of internal controls over service providers)

During the prior engagement, auditors noted the Illinois Department of Children and Family Services (Department) did not obtain Service Organization Control (SOC) reports or conduct independent internal control reviews of outsourced information systems controlled by external parties.

During the current engagement, auditors noted the Department sent a Security and Privacy Controls Questionnaire (SPCQ) to each of its third-party service providers. Auditors reviewed the completeness of the SPCQs and no exceptions were noted. (Finding Code No. 2016-004)

B. FINDING (Lack of compliance with the Fiscal Control and Internal Auditing Act)

During the prior engagement, auditors noted the Department did not fully comply with the Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2003). The Department did not complete audits of major modifications to two existing systems before their installation.

During the current engagement, auditors' testing determined the Department did not have modifications which were defined as major to its significant applications which would necessitate audits before their installation. Other testing performed by the auditors noted no instances of noncompliance with the Act. (Finding Code No. 2016-006, 2014-007)

C. FINDING (Noncompliance with the Custody Relinquishment Prevention Act)

During the prior engagement, auditors noted the Department did not submit an annual report to the General Assembly, as required by the Custody Relinquishment Prevention Act (Act) (20 ILCS 540/20).

During the current engagement, auditors noted the Department submitted the annual report to the General Assembly as required by the Act. (Finding Code No. 2016-013)

D. FINDING (Scholarship and waiver data not reported to the General Assembly)

During the prior engagement, auditors noted the Department did not provide to the General Assembly information on outcomes related to scholarships received by youth.

During the current engagement, auditors noted the Department filed the required report with the General Assembly. (Finding Code No. 2016-016)

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STATUS OF MANAGEMENT AUDIT

SEARCH FOR MISSING CHILDREN

The Illinois Office of the Auditor General conducted a management audit of the Illinois Department of Children and Family Services (Department or DCFS) search for missing children pursuant to House Resolution Number 120. The audit was released in December 2014 and contained nine recommendations to the Department. As part of the compliance examination for the two years ended June 30, 2016, auditors followed up on the status of the recommendations. Recommendation 1 of 9 was determined to be fully implemented during the two years ended June 30, 2016. The remaining eight recommendations were followed up on as part of the compliance examination for the two years ended June 30, 2018.

Recommendation 2 – CFS 906 Form

Recommendation:

DCFS should prevent overpayments by ensuring that CFS 906 forms are completed, submitted, and entered in a timely manner.

Status:

This recommendation is partially implemented. We reviewed the initial CFS 1014, Child Runaway form, in the Statewide Automated Child Welfare Information System (SACWIS), which lists the date the caseworker submitted the CFS 906, Placement/Payment Authorization form, to the Child Intake and Recovery Unit (CIRU). We noted the CFS 1014 only contained the date the CFS 906 form was filed, not the date and the time. We noted in ten of the 60 instances where a child went missing, the CFS 906 form had not been filed within 24 hours of when the child had been reported missing. We considered the file to be in compliance with the 24 hour rule if the date of the CFS 906 was the day following the date the child went missing.

We noted in six of the 60 instances tested where a child went missing and the CFS 1014 was deactivated. The notes within SACWIS indicated that more than 24 hours elapsed between the time the child went missing and returned. Therefore, the CFS 906 should have been generated.

Recommendation 3 – Data Accuracy

Recommendation:

DCFS should emphasize to all involved in the reporting and locating of missing children the need to accurately enter information into case files and to correct discrepancies when identified.

Status:

This recommendation is partially implemented. We compared the information entered in the caseworkers' notes in SACWIS to the information entered on the Initial CFS 1014 form. In 18 of the 60 cases tested that were shown as deactivated in SACWIS, the cases did not have a CFS 1014 form to compare to the notes in SACWIS to ensure their accuracy.

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We also reviewed whether Department supervisors were conducting reviews of the CFS Initial 1014 form. Procedure 329, Locating and Returning Missing, Runaway, and Abducted Children, provides the documentation of supervisor reviews by the submission of the CFS 1014. In 18 of the 60 cases tested that were shown as deactivated in SACWIS, no CFS 1014 form was completed and the documentation of a supervisor review could not be tested.

Recommendation 4 – CIRU Notification

Recommendation:

DCFS should improve controls to ensure that the CIRU is immediately informed when a DCFS caseworker is notified that a ward has gone missing, as per Procedure 329.

Status:

This recommendation is partially implemented. Procedure 329 requires caseworkers to notify the CIRU within one hour of when they receive notification that a child is missing. The date when the CIRU is notified is documented in the initial CFS 1014 form; however, this form does not have a field to indicate the time. We noted in 11 of the 60 cases tested, the CIRU had not been notified within an hour of the child being reported missing. If we were unable to determine the time the CIRU was notified from the notes in SACWIS, we considered the file to be compliant if CIRU was notified the same day as the child was reported missing. Also, we noted in 18 of the 60 cases tested that were shown as deactivated, the Missing Child Report, CFS 1014, was blank and the notes did not contain information for us to determine if the CIRU was notified timely.

Recommendation 5 – Caseworker Notification

Recommendation:

DCFS should establish (1) a field in SACWIS to require caseworkers to enter the date and time when they first learned about a missing ward; (2) procedures for the caseworker to acknowledge notification of the missing ward; and (3) a process to ensure that searches are conducted for missing wards in a timely manner, including after business hours or on weekends.

Status:

This recommendation is partially implemented. We noted the Department added a field in SACWIS for the date and time caseworkers received notification of a missing child. We did not note any exceptions related to this field not being completed.

Procedure 329 requires caseworkers to notify law enforcement within three hours of learning that a child is missing and provide them with a photograph of the child. We noted in seven of the 60 cases tested, law enforcement was not notified within three hours of when the child had been reported missing and thus a photograph of the child was not submitted to law enforcement within three hours of when the child had been reported missing. We considered the file to be compliant if the Missing Persons Report date was the same day as the child was reported missing unless otherwise documented in the notes.

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Finally, we noted in seven of the 60 cases tested, the initial CFS 1014 form was deactivated, but the notes within SACWIS indicated that law enforcement had been notified and given the child's photograph. However, the notification was not within three hours of the child reported as missing.

Recommendation 6 – Report Missing Wards

Recommendation:

DCFS should report the missing wards to required parties within the time established in its procedures, including to NCMEC, juvenile courts, and parents/guardians and require supervisors to sign-off on the CFS 1014 to document their review.

Status:

This recommendation is partially implemented. The Department's Procedure 329 requires the notification of the National Center for Missing and Exploited Children (NCMEC) within three hours of when the child was reported missing. Procedure 329 also states that the parents, guardian or legal custodian, juvenile court of jurisdiction and/or Guardian ad litem should be notified within three hours of when the child was reported missing. We noted in 31 of the 60 cases tested the NCMEC was not notified within 3 hours of when the child was reported missing. Also, in 17 of the 60 files where the file had been deactivated, the notes indicated that more than three hours elapsed between the time the child went missing and returned. Therefore, the NCMEC should have been notified.

We noted in 20 of the 60 cases tested, the parents, guardian or legal custodian, juvenile court, and/or guardian ad litem were not notified within three hours of when the child was reported missing. We considered the file to be compliant if the date notified was the same day as the child was reported missing. We also noted in 18 of the 60 cases tested, the initial CFPS 1014 was deactivated and the notes within SACWIS did not contain information for us to determine whether parents, guardian or legal custodian, juvenile court, and/or guardian ad litem were notified timely.

Recommendation 7 – Complete All Agency Forms

Recommendation:

DCFS should ensure that all its internal forms are completed in a timely manner as specified in DCFS procedures, including the CFS 1014 Missing Children Recovery Report. In addition, DCFS should debrief missing wards when they are found, and document the interview.

Status:

This recommendation is partially implemented.

The Department's Procedure 329 requires the caseworker or supervisor to complete CFS 680-A, Missing Child De-Briefing form, and CFS 1014 Missing Children Recovery report, within two business days from the date the child returned. We noted in nine of the 60 cases tested the CFS 680-A Missing Child De-Briefing form had not been completed within two days of the child returning.

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Also, in 22 of the 60 cases tested which were deactivated, there were no De-Briefing forms completed or any indication that a de-briefing had occurred. In addition, in 22 of the 60 cases tested which were deactivated files, there was no CFS 1014 Missing Children Recovery report prepared.

Recommendation 8 – Supervisory Review

Recommendation:

DCFS should comply with its written procedures which require that supervisory meetings with caseworkers be documented when searching for missing wards. Supervisors should review the documents completed by caseworkers and sign off to demonstrate their review.

Status:

This recommendation is partially implemented.

The Department's Procedure 329 requires the supervisors' reviews are documented by the submission of the Initial CFS 1014 form and in the note search. In seven of 60 files tested, we noted there were no notes documenting the supervisor had met with the caseworker.

Recommendation 9 – Training and Monitoring

Recommendation:

Given the lack of documentation and noncompliance found in this audit, DCFS should:

- *Provide training to its caseworkers and supervisors on missing children;*
- *Review its search procedures for missing children for possible modifications; and*
- *Give the CIRU (or another unit within DCFS) the responsibility to monitor actions taken by caseworkers and supervisors to report and locate missing children, and to report to management the degree to which the Department's policies and procedures are being followed.*

Status:

This recommendation is partially implemented. The Department has revised Procedures 329 in response to this recommendation and training has been conducted to make caseworkers and supervisors aware of the new requirements. The Department provided us with PowerPoint slides from the training that demonstrated the changes to the Department's procedures for missing children. The CIRU is responsible for monitoring caseworkers' and supervisors' compliance with the new procedures. However, the Department could not provide documentation of any reports to management regarding procedures being followed.

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STATUS OF PERFORMANCE AUDIT

PLACEMENT OF CHILDREN

The Illinois Office of the Auditor General conducted a performance audit of the Illinois Department of Children and Family Services' compliance with its obligations to place children in its care in placements consistent with their best interests. This audit was conducted pursuant to Senate Resolution Number 140. The audit was released in September 2016 and contained four recommendations. The recommendations were followed up on as part of the compliance examination for the two years ended June 30, 2018.

Recommendation 1 – Administrative Rules and Procedures

Recommendation:

The Department of Children and Family Services should review existing administrative rules and internal policies and procedures on the placement of children. The Department should make necessary revisions to update the rules and procedures to reflect current practice and to implement any needed changes.

The Department should also examine areas that lack policies and procedures on the placement of children and implement procedures as needed.

Status:

This recommendation is not implemented. During the engagement period, the Department implemented some changes by developing multi-disciplinary teams throughout the State to address the staffing needs of Department youth. The Department indicated the newly combined multi-disciplinary staffing teams provide more timely intervention for youth. Department management stated staffing with recommendations for placements endeavor to take place within a 30-day time frame, rather than in six or eight weeks. Department management stated expedited multi-disciplinary staffing strive to take place within three to five business days for youth who are in psychiatric hospital settings. However, the Department was not able to provide written documentation of any new policies or procedures regarding children who are psychiatrically hospitalized, children in emergency shelters, and children in detention facilities or the before mentioned statements.

Recommendation 2 – Internal Forms and Case Files

Recommendation:

The Department of Children and Family Services should ensure that required forms are being utilized and that required documentation is consistently maintained in case files. The Department should also explore the feasibility of maintaining forms in its primary case management system.

Status:

This recommendation is partially implemented. The Department updated and combined the CFS1901 ERC Intake and Referral Form, and CFS 1452-1 Clinical Intervention for Placement Preservation Meeting Referral Form to make the process more user-friendly and efficient.

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However, the Department has not updated the PHT Form 965-1 Discharge and Aftercare Plan, and the form was not entered into Statewide Automated Child Welfare Information System (SACWIS) during the engagement period. During our testing of the Department's paper case files, we noted that discharge instructions from various hospitals were present in the files, but none of these forms are present in SACWIS. When we specifically inquired of the Department's feasibility of maintaining forms in SACWIS, we noted the Department is in the process of updating the SACWIS system, but currently SACWIS does not allow for the uploading of forms.

Recommendation 3 – Planning Meeting and Matching Process

Recommendation:

The Department of Children and Family Services should implement policies and procedures for its matching process to ensure that the planning meeting is held promptly and to improve the timeliness of the matching process

Status:

This recommendation is not implemented. The Department's Central Matching Team (CMT) continues to review and revise procedure to ensure a timelier response to the placement of youth.

Recommendation 4 – Tracking information

Recommendation:

The Department of Children and Family Services should make necessary changes to track information in its computer systems to ensure processes are working and better monitor children in its custody. These changes should enable DCFS to readily report information.

Status:

This recommendation is not implemented. The Department is in the process of reviewing new computer systems to track information and to ensure that processes are working better to monitor the youth in care.

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SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Receipts, Disbursements and Fund Balances (Cash Basis) – Locally-Held Funds
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller

- Analysis of Operations (Unaudited):
 - Agency Functions and Planning Program (Unaudited)
 - Analysis of Significant Variations in Expenditures (Unaudited)
 - Analysis of Significant Variations in Receipts (Unaudited)
 - Analysis of Significant Lapse Period Spending (Unaudited)
 - Analysis of Accounts Receivable (Unaudited)
 - Budget Impasse Disclosures (Unaudited)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)
 - Interest Costs on Fiscal Year 2017 Invoices (Unaudited)
 - Average Number of Employees (Unaudited)
 - Memorandums of Understanding (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)
 - Schedule of Indirect Cost Reimbursements (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated, in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountant's report also states the Analysis of Operations Section and Schedule 2 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

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SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Appropriations for Fiscal Year 2018

For the Fifteen Months Ended September 30, 2018

Public Act 100-0021	Appropriations (Net After Transfers)	Expenditures Through June 30, 2018	Lapse Period Expenditures July 1 to September 30, 2018	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Lump sums and other purposes	\$ 270,969,843	\$ 224,823,253	\$ 33,981,632	\$ 258,804,885	\$ 12,164,958
Awards and grants	10,584,700	8,040,409	1,869,540	9,909,949	674,751
Awards and grants - lump sum	479,007,100	466,853,653	10,110,776	476,964,429	2,042,671
Refunds	12,400	-	11,120	11,120	1,280
Subtotal Fund 0001	<u>\$ 760,574,043</u>	<u>\$ 699,717,315</u>	<u>\$ 45,973,068</u>	<u>\$ 745,690,383</u>	<u>\$ 14,883,660</u>
DCFS Children's Services Fund - 0220					
Lump sums and other purposes	\$ 41,613,300	\$ 26,790,545	\$ 2,668,432	\$ 29,458,977	\$ 12,154,323
Awards and grants	16,203,300	6,844,030	6,033,147	12,877,177	3,326,123
Awards and grants - lump sum	341,769,800	215,511,678	78,008,689	293,520,367	48,249,433
Subtotal Fund 0220	<u>\$ 399,586,400</u>	<u>\$ 249,146,253</u>	<u>\$ 86,710,268</u>	<u>\$ 335,856,521</u>	<u>\$ 63,729,879</u>
DCFS Federal Projects Fund - 0566					
Lump sums and other purposes	\$ 10,994,000	\$ 2,436,547	\$ 292,478	\$ 2,729,025	\$ 8,264,975
Subtotal Fund 0566	<u>\$ 10,994,000</u>	<u>\$ 2,436,547</u>	<u>\$ 292,478</u>	<u>\$ 2,729,025</u>	<u>\$ 8,264,975</u>
DCFS Special Purpose Trust Fund - 0582					
Lump sums and other purposes	\$ 1,389,100	\$ 470,411	\$ 11,163	\$ 481,574	\$ 907,526
Subtotal Fund 0582	<u>\$ 1,389,100</u>	<u>\$ 470,411</u>	<u>\$ 11,163</u>	<u>\$ 481,574</u>	<u>\$ 907,526</u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

Appropriations for Fiscal Year 2018

For the Fifteen Months Ended September 30, 2018

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2018	Lapse Period Expenditures July 1 to September 30, 2018	Total Expenditures	Balances Lapsed
Public Act 100-0021					
Child Abuse Prevention Fund - 0934					
Awards and grants - lump sum	\$ 300,000	\$ 61,250	\$ 3,520	\$ 64,770	\$ 235,230
Subtotal Fund 0934	<u>\$ 300,000</u>	<u>\$ 61,250</u>	<u>\$ 3,520</u>	<u>\$ 64,770</u>	<u>\$ 235,230</u>
Grant Total All Funds	<u>\$ 1,172,843,543</u>	<u>\$ 951,831,776</u>	<u>\$ 132,990,497</u>	<u>\$ 1,084,822,273</u>	<u>\$ 88,021,270</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018, and have been reconciled to Department records.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Department to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES (UNAUDITED)
Expenditure Authority for Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Public Act 99-0524 and Court-Ordered Expenditures	Expenditure Authority (Net After Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1 to September 30, 2017	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
General Revenue Fund - 0001					
Regular positions	\$ 203,033,800	\$ 185,811,814	\$ 12,941,345	\$ 198,753,159	\$ 4,280,641
Soc sec/medicare contributions	15,532,500	13,603,411	968,847	14,572,258	960,242
Contractual services	26,125,300	19,652,947	4,063,714	23,716,661	2,408,639
Travel	6,615,900	4,826,940	1,082,903	5,909,843	706,057
Commodities	454,600	223,601	39,803	263,404	191,196
Printing	463,300	223,374	13,943	237,317	225,983
Equipment	46,300	12,661	22,235	34,896	11,404
Electronic data processing	1,536,000	969,864	227,220	1,197,084	338,916
Telecommunication	4,863,000	3,167,770	894,941	4,062,711	800,289
Operation of auto equipment	170,100	94,775	5,643	100,418	69,682
Lump sums and other purposes	10,257,100	6,077,707	3,975,679	10,053,386	203,714
Awards and grants	10,658,000	8,571,526	1,709,699	10,281,225	376,775
Awards and grants - lump sum	415,307,100	394,875,841	19,839,682	414,715,523	591,577
Refunds	11,200	8,280	2,920	11,200	-
Subtotal Fund 0001	<u>\$ 695,074,200</u>	<u>\$ 638,120,511</u>	<u>\$ 45,788,574</u>	<u>\$ 683,909,085</u>	<u>\$ 11,165,115</u>
DCFS Children's Services Fund - 0220					
Lump sums and other purposes	\$ 37,720,400	\$ 23,535,953	\$ 3,329,554	\$ 26,865,507	\$ 10,854,893
Awards and grants	16,203,300	7,548,752	2,541,792	10,090,544	6,112,756
Awards and grants - lump sum	400,909,800	306,549,600	45,131,493	351,681,093	49,228,707
Subtotal Fund 0220	<u>\$ 454,833,500</u>	<u>\$ 337,634,305</u>	<u>\$ 51,002,839</u>	<u>\$ 388,637,144</u>	<u>\$ 66,196,356</u>
DCFS Federal Projects Fund - 0566					
Lump sums and other purposes	\$ 10,994,000	\$ 2,922,513	\$ 326,040	\$ 3,248,553	\$ 7,745,447
Subtotal Fund 0566	<u>\$ 10,994,000</u>	<u>\$ 2,922,513</u>	<u>\$ 326,040</u>	<u>\$ 3,248,553</u>	<u>\$ 7,745,447</u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES (UNAUDITED)
Expenditure Authority for Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Public Act 99-0524 and Court-Ordered Expenditures	Expenditure Authority (Net After Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1 to September 30, 2017	Total Expenditures	Balances Lapsed
DCFS Special Purpose Trust Fund - 0582					
Lump sums and other purposes	\$ 689,100	\$ 360,745	\$ 45,348	\$ 406,093	\$ 283,007
Subtotal Fund 0582	<u>\$ 689,100</u>	<u>\$ 360,745</u>	<u>\$ 45,348</u>	<u>\$ 406,093</u>	<u>\$ 283,007</u>
Child Abuse Prevention Fund - 0934					
Awards and grants - lump sum	\$ 300,000	\$ 57,058	\$ 13,221	\$ 70,279	\$ 229,721
Subtotal Fund 0934	<u>\$ 300,000</u>	<u>\$ 57,058</u>	<u>\$ 13,221</u>	<u>\$ 70,279</u>	<u>\$ 229,721</u>
Grant Total All Funds	<u>\$ 1,161,890,800</u>	<u>\$ 979,095,132</u>	<u>\$ 97,176,022</u>	<u>\$ 1,076,271,154</u>	<u>\$ 85,619,646</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to Department records.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Spending authority (for line items without an enacted appropriation) was granted for all funds by the United States District Court for the Northern District of Illinois Eastern Division in *B.H. v. George Sheldon* (88 C 5599), which reads in part, "the Comptroller shall continue to make all payments for all services, all current programs and all personnel, at a level no less than the levels paid in fiscal year 2015, that are necessary to comply with the Consent Decree and Supplemental Order."

Note 4: Public Act 99-0524 authorizes the Department to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department to be submitted against its fiscal year 2017 appropriation.

Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Department to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	Fiscal Year		
	2018	2017	2016
		(Unaudited)	P.A. 99-0409
		P.A. 99-0524	P.A. 99-0524
	P.A. 100-0021	Court-Ordered Expenditures	Court-Ordered Expenditures
<u>General Revenue Fund - 0001</u>			
Appropriations (net after transfers):	\$ 760,574,043	\$ 695,074,200	\$ 648,455,800
Expenditures:			
Regular positions	\$ -	\$ 198,753,159	\$ 201,874,895
Social Security/Medicare contributions	-	14,572,258	14,843,237
Contractual services	-	23,716,661	23,733,308
Travel	-	5,909,843	5,804,709
Commodities	-	263,404	235,884
Printing	-	237,317	285,023
Equipment	-	34,896	40,300
Electronic data processing	-	1,197,084	1,442,397
Telecommunication	-	4,062,711	3,994,669
Operation of auto equipment	-	100,418	132,957
Lump sums and other purposes	258,804,885	10,053,386	10,232,658
Awards and grants	9,909,949	10,281,225	8,038,992
Awards and grants - lump sum	476,964,429	414,715,523	348,125,698
Refunds	11,120	11,200	8,650
Total General Revenue Fund	<u>\$ 745,690,383</u>	<u>\$ 683,909,085</u>	<u>\$ 618,793,377</u>
Lapsed Balances	<u>\$ 14,883,660</u>	<u>\$ 11,165,115</u>	<u>\$ 29,662,423</u>
<u>DCFS Children's Services Fund - 0220</u>			
Appropriations (net after transfers):	\$ 399,586,400	\$ 454,833,500	\$ 518,629,103
Expenditures:			
Lump sums and other purposes	\$ 29,458,977	\$ 26,865,507	\$ 29,525,830
Awards and grants	12,877,177	10,090,544	10,424,821
Awards and grants - lump sum	293,520,367	351,681,093	422,919,148
Total DCFS Children's Services Fund	<u>\$ 335,856,521</u>	<u>\$ 388,637,144</u>	<u>\$ 462,869,799</u>
Lapsed Balances	<u>\$ 63,729,879</u>	<u>\$ 66,196,356</u>	<u>\$ 55,759,304</u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	Fiscal Year		
	2018	2017	2016
		(Unaudited)	P.A. 99-0409
		P.A. 99-0524	P.A. 99-0524
	P.A. 100-0021	Court-Ordered Expenditures	Court-Ordered Expenditures
<u>DCFS Federal Projects Fund - 0566</u>			
Appropriations (net after transfers):	\$ 10,994,000	\$ 10,994,000	\$ 10,511,600
Expenditures:			
Lump sums and other purposes	\$ 2,729,025	\$ 3,248,553	\$ 4,911,576
Total DCFS Federal Projects Fund	\$ 2,729,025	\$ 3,248,553	\$ 4,911,576
Lapsed Balances	\$ 8,264,975	\$ 7,745,447	\$ 5,600,024
<u>DCFS Special Purpose Trust Fund - 0582</u>			
Appropriations (net after transfers):	\$ 1,389,100	\$ 689,100	\$ 689,100
Expenditures:			
Lump sums and other purposes	\$ 481,574	\$ 406,093	\$ 250,287
Total DCFS Special Purpose Trust Fund	\$ 481,574	\$ 406,093	\$ 250,287
Lapsed Balances	\$ 907,526	\$ 283,007	\$ 438,813
<u>Child Abuse Prevention Fund - 0934</u>			
Appropriations (net after transfers):	\$ 300,000	\$ 300,000	\$ 300,000
Expenditures:			
Awards and grants - lump sum	\$ 64,770	\$ 70,279	\$ 89,735
Total Child Abuse Prevention Fund	\$ 64,770	\$ 70,279	\$ 89,735
Lapsed Balances	\$ 235,230	\$ 229,721	\$ 210,265
Grant Total All Funds			
Appropriations (net after transfers)	\$ 1,172,843,543	\$ 1,161,890,800	\$ 1,178,585,603
Total Expenditures	1,084,822,273	1,076,271,154	1,086,914,774
Lapsed Balances	\$ 88,021,270	\$ 85,619,646	\$ 91,670,829
State Officers' Salaries			
Director salary	\$ 150,228	\$ 150,468	\$ 150,228

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2018, September 30, 2017, and August 31, 2016, and have been reconciled to Department records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.
- Note 3: Spending authority (for line items without an enacted appropriation) was granted for all funds by the United States District Court for the Northern District of Illinois Eastern Division in *B.H. v. George Sheldon* (88 C 5599), which reads in part, "the Comptroller shall continue to make all payments for all services, all current programs and all personnel, at a level no less than the levels paid in fiscal year 2015, that are necessary to comply with the Consent Decree and Supplemental Order."
- Note 4: Public Act 99-0524 authorizes the Department to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department to be submitted against its fiscal year 2017 appropriation.
- Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Department to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS
AND FUND BALANCE (CASH BASIS) - LOCALLY-HELD FUNDS**

For the Year Ended June 30

Fund Number	Fund Name	Cash Balance July 1, 2017	Receipts	Disbursements	Cash Balance June 30, 2018
1117	Katherine F. Schaffner Bequest Fund	\$ 643,025	\$ 47,322	\$ -	\$ 690,347
1119	Bail Bond Funds Fund	1,107	-	-	1,107
1121	Children and Family Benefit Fund	39,309	11,359	13,112	37,556
1122	Children's Trust Funds Fund	3,958,098	22,147,408	21,780,114	4,325,392
1207	Herrick House Children's Center Bequest Fund	13,384	9	36	13,357
Total Locally Held Funds		<u>\$ 4,654,923</u>	<u>\$ 22,206,098</u>	<u>\$ 21,793,262</u>	<u>\$ 5,067,759</u>

Fund Number	Fund Name	Cash Balance July 1, 2016	Receipts	Disbursements	Cash Balance June 30, 2017
1117	Katherine F. Schaffner Bequest Fund	\$ 581,530	\$ 61,495	\$ -	\$ 643,025
1119	Bail Bond Funds Fund	1,107	-	-	1,107
1121	Children and Family Benefit Fund	42,463	7,923	11,077	39,309
1122	Children's Trust Funds Fund	3,848,992	19,731,175	19,622,069	3,958,098
1207	Herrick House Children's Center Bequest Fund	13,416	4	36	13,384
Total Locally Held Funds		<u>\$ 4,487,508</u>	<u>\$ 19,800,597</u>	<u>\$ 19,633,182</u>	<u>\$ 4,654,923</u>

Note: The Children's Trust Funds Fund is a non-appropriated locally held agency fund. The Title Insurance Act (215 ILCS 155/4) requires each approved applicant to file with and have approved by the Secretary cash or bonds of the United States, this State or body politic of this State with a current value of \$1,000,000.

The Department's remaining locally held funds are held at the following institutions:

Katherine F. Schaffner Bequest Fund	PNC Bank
Bail Bond Funds Fund	Chase Bank, included in the Children and Family Benefit Fund account
Children and Family Benefit Fund	Chase Bank
Herrick House Children's Center Bequest Fund	PNC Bank

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Fiscal Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u> (Unaudited)
Equipment, beginning of year	\$ 22,840,603	\$ 23,591,782
Additions	385,711	644,794
Deductions	<u>(1,240,629)</u>	<u>(1,395,973)</u>
Equipment, end of the year	<u>\$ 21,985,685</u>	<u>\$ 22,840,603</u>

Note: This schedule was prepared from Department records and was reconciled to property reports submitted to the State Comptroller.

This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>General Revenue Fund - 0001</u>			
Child welfare	\$ 13,000,000	\$ 12,215,909	\$ 14,083,333
Miscellaneous	22,696	31,335	331,372
Parental care and maintenance of children	2,740	4,033	29,038
Total cash receipts per Department	<u>\$ 13,025,436</u>	<u>\$ 12,251,277</u>	<u>\$ 14,443,743</u>
Transfers in transit	743	(300,060)	(784,091)
Prior year and other adjustments	511,815	460,605	291,226
Total cash receipts per State Comptroller's records	<u><u>\$ 13,537,994</u></u>	<u><u>\$ 12,411,822</u></u>	<u><u>\$ 13,950,878</u></u>
<u>DCFS Children's Services Fund - 0220</u>			
Federal government	\$ 296,866,397	\$ 365,164,485	\$ 377,330,221
Miscellaneous	9,263	10,360	313,183
Reimbursement from children's trust	6,489,993	5,454,582	4,878,812
Total cash receipts per Department	<u>\$ 303,365,653</u>	<u>\$ 370,629,427</u>	<u>\$ 382,522,216</u>
Transfers in transit	21,449,067	(22,568,763)	783,556
Prior year and other adjustments	1,355,837	1,110,727	1,427,763
Total cash receipts per State Comptroller's records	<u><u>\$ 326,170,557</u></u>	<u><u>\$ 349,171,391</u></u>	<u><u>\$ 384,733,535</u></u>
<u>DCFS Federal Projects Fund - 0566</u>			
Federal government	\$ 3,316,155	\$ 2,919,333	\$ 4,414,754
Other State agencies	-	719,076	25,000
Total cash receipts per Department	<u>\$ 3,316,155</u>	<u>\$ 3,638,409</u>	<u>\$ 4,439,754</u>
Transfers in transit	2,725	(2,725)	-
Prior year and other adjustments	2,653	(47,664)	21,689
Total cash receipts per State Comptroller's records	<u><u>\$ 3,321,533</u></u>	<u><u>\$ 3,588,020</u></u>	<u><u>\$ 4,461,443</u></u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF
CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>DCFS Special Purpose Trust Fund - 0582</u>			
Private organizations or individuals	\$ 1,644	\$ 140,000	\$ 2,228
Putative father fees	69,655	49,400	36,124
Other revenues	403,502	287,922	-
Total cash receipts per Department	\$ 474,801	\$ 477,322	\$ 38,352
Transfers in transit	71,687	(73,412)	-
Prior year and other adjustments	35,000	-	-
Total cash receipts per State Comptroller's records	<u>\$ 581,488</u>	<u>\$ 403,910</u>	<u>\$ 38,352</u>
<u>Child Abuse Prevention Fund - 0934</u>			
Total cash receipts per Department	\$ -	\$ -	\$ -
Transfers in transit	-	-	-
Prior year and other adjustments	-	-	1,760
Total cash receipts per State Comptroller's records	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,760</u>
<u>Grand Total All Funds</u>			
Child welfare	\$ 13,000,000	\$ 12,215,909	\$ 14,083,333
Federal government	300,182,552	368,083,818	381,744,975
Miscellaneous	31,959	41,695	644,555
Other revenues	403,502	287,922	-
Other State agencies	-	719,076	25,000
Parental care and maintenance of children	2,740	4,033	29,038
Private organizations or individuals	1,644	140,000	2,228
Putative father fees	69,655	49,400	36,124
Reimbursement from children's trust	6,489,993	5,454,582	4,878,812
Total cash receipts per Department	\$ 320,182,045	\$ 386,996,435	\$ 401,444,065
Transfers in transit	21,524,222	(22,944,960)	(535)
Prior year and other adjustments	1,905,305	1,523,668	1,742,438
Total cash receipts per State Comptroller's records	<u>\$ 343,611,572</u>	<u>\$ 365,575,143</u>	<u>\$ 403,185,968</u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AGENCY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Fiscal Years Ended June 30, 2017 and 2018

Agency Functions Description

The Illinois Department of Children and Family Services (Department) is mandated to provide protective and preventive services to children and their families. The Department responds to this charge by directing programs which protect children who are at risk of harm, administering comprehensive community-based systems of youth services and family support, remedying family problems that place children at risk of being removed from their homes, providing children with a safe, nurturing environment when out-of-home placement is needed, and when appropriate, placing children in suitable adoptive homes.

The Department's mission is based upon the conviction that children must have a consistent nurturing environment to achieve optimal growth and development. Permanency goals are established for each child in the Department's care that reflects the individual needs of each child and family. During service provision, a child's goal may be remaining at home, returning home, adoption, permanent family placement, independence or (in rare instances) continued out-of-home care.

Five Department service delivery programs are designed to achieve these client goals: Protective Services, Family Maintenance, Family Reunification and Substitute Care, Adoption and Guardianship and Accountability.

The Department's Acting Director is Debra Dyer-Webster. Ms. Webster's offices are located at 406 East Monroe Street, Springfield, Illinois and 6th floor, James R. Thompson Center, 100 W. Randolph, Chicago, Illinois.

Protective Services

Child Protective Services begin with a receipt of a report alleging abuse or neglect at the Department's 24-hour hotline at the State Central Register. An investigation of the report is initiated within 24 hours of its receipt. The investigation is conducted for the purpose of determining whether credible evidence of child abuse or neglect exists and whether the family can benefit from protective services. When such service needs are identified, Department staff arranges for those services to be initiated. The differential intensity, duration and protective character of the services offered is determined by whether the report is determined to be credible and ruled founded or determined to be not credible and ruled unfounded.

Family Maintenance

The Family Maintenance program is designed to prevent the need for out-of-home placement of children. Services provide support and training in order to promote the development of an improved home environment that ensures the child's well-being and safety. Both Department and private agency staff provide case management and social work to these children and families.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AGENCY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Fiscal Years Ended June 30, 2017 and 2018

Given that case management services are best provided prior to an incident that necessitates out-of-home placement, the Department continues to invest necessary resources in the “front end” of the service delivery system. Consequently, the Department has intensified its intact family services through the addition of special high-risk intact positions working with the most difficult cases. Intact family services are voluntary services provided to families whose cases do not result in temporary custody being taken of children. By focusing on intact family services when appropriate, and front-loading the services, involvement with families is directed toward short-term interventions.

Adoption and Guardianship

When it is inappropriate or not possible to return a child to the natural family, adoption is viewed as a desirable alternative. The child’s need for a safe, nurturing and permanent home is the paramount factor when considering adoption. Adoption assistance is available to families who are considering adopting children with special needs for whom the Department is legally responsible and who cannot be adopted without a subsidy. Such assistance includes one-time cash payments for legal fees, monthly subsidy payments and a Medicaid card. Payment for services to address physical, emotional and mental health needs for pre-existing conditions, not payable through other sources, may be provided in accordance with the subsidy through post-adoption services.

Family Reunification and Substitute Care

Family Reunification and Substitute Care services are critical components of the Department’s family focused programs. Family Reunification addresses the problems of dysfunctional families through the provision of intensive in-home services. Substitute care is provided to the children in need of placement, with the goal of returning the children to a stabilized home environment. The effective provision of service to families and children includes the responsibility of licensing all childcare facilities and a review of open child cases every six months. Childcare facilities include all foster homes, institutional and group homes. Both Department and private agency staff provide case management and social work to these children and families.

In addition, day care services for children and their families are provided to enable the parent(s) to participate in education and training programs; to provide alternate care for children in danger of neglect, abuse or exploitation; to reduce the need for the out-of-home placement of children; and to subsidize appropriate child care for working parents with low incomes. The Department licenses day care facilities and homes.

Accountability

Oversight and monitoring must be provided to ensure services are provided in a manner consistent with good practice and established quality measures. Programs such as Administrative Case Review, Licensing Enforcement, and Monitoring help to ensure that goals and outcomes are met throughout the Department. Central Administration, Audits, Legislative Affairs, Communications, Legal Services, Management and Budget, and Financial Management provide essential support for the entire agency.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AGENCY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)
For the Fiscal Years Ended June 30, 2017 and 2018

Agency Planning Program

The Department prepares and coordinates the Child and Family Services Plan (CFSP), a plan based on the requirements of Titles IV-B and IV-E of the Social Security Act and Illinois laws. Implementation and administration of the CFSP are the responsibilities of the various organizational units of the Department that perform substantive program, support, and administrative functions.

The Department's most recent CFSP covers 2015-2019 and includes those objectives, action steps and activities that the Department plans to implement during the federal fiscal years 2015-2019. For those objectives identified, the Department develops the measures and baseline for annually reporting its progress in an Annual Progress and Services Report (APSR). Prior to developing the APSR every year, the Department considers the action steps to meet the objectives with needs assessment information.

The planning cycle is coordinated with the budgeting cycle so the Department's stated goals and priorities provide direction in the allocation of resources. Guided by the evaluation and the Director's statement of priorities, projections of service needs and performance objectives, fiscal planners in the Department coordinate operating units in preparing the Department's budget and reviewing it with the Governor's Office of Management and Budget.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (UNAUDITED)
For the Fiscal Years Ended June 30, 2018, 2017 and 2016

The Illinois Department of Children and Family Services' (Department) explanations for significant fluctuations in expenditures greater than \$250,000 and 20% of total expenditures in that category as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances (Schedule 3) are detailed below.

ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEARS 2016 AND 2017

General Revenue Fund - 0001

Awards and grants

The Department received an increase in the awards and grants appropriation in fiscal year 2017, which allowed for the expenditure increase in fiscal year 2017.

Awards and grants – lump sum

The Department received an increase in the awards and grants – lump sum appropriation in fiscal year 2017, which allowed for the expenditure increase in fiscal year 2017.

DCFS Federal Projects Fund - 0566

Lump sums and other purposes

The Trauma Focus grants ended in fiscal year 2017. In addition, the Illinois Department of Human Services (DHS) background checks were transferred to the DCFS Special Purpose Trust (Fund 0582). As a result, the lump sum and other purposes expenditures decreased in fiscal year 2017 from fiscal year 2016.

ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEARS 2017 AND 2018

General Revenue Fund - 0001

Regular positions, Social Security/Medicare contributions, contractual services, travel, commodities, electronic data processing, and telecommunications

The decrease in expenditures was due to the Department receiving a lump sum appropriation for its operations in the General Revenue Fund in fiscal year 2018, while receiving line item appropriations in fiscal year 2017.

Lump sums and other purposes

The increase in expenditures was due to the Department receiving a lump sum appropriation for its operations in the General Revenue Fund in fiscal year 2018, while receiving line item appropriations in fiscal year 2017.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (UNAUDITED)
For the Fiscal Years Ended June 30, 2018, 2017 and 2016

DCFS Children's Services Fund - 0220

Awards and grants

The Department paid two large tort claims in fiscal year 2018, totaling \$2.7 million. This caused an increase in awards and grants expenditures in fiscal year 2018 from fiscal year 2017.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS (UNAUDITED)
For the Fiscal Years Ended June 30, 2018, 2017 and 2016

The Illinois Department of Children and Family Services' (Department) explanations for significant fluctuations in receipts greater than \$250,000 and 20% as presented in the Comparative Schedule of Cash Receipts (Schedule 5) are detailed below.

ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEARS 2016 AND 2017

General Revenue Fund – 0001

Miscellaneous

The decrease in fiscal year 2017 was due primarily to the receipt of seizure funds during fiscal year 2016 from the Office of the State's Attorney relating to a pre-2010 fraud case.

DCFS Children's Services Fund – 0220

Miscellaneous

The Department saw a spike in DCFS Children's Services Fund receipts in fiscal year 2016 due to a policy guide change stating the Department will distribute all emancipation funds directly to youth with an open case, resulting in accrued funds held by providers and trust funds being returned to the Department. Fiscal year 2017 miscellaneous receipts returned to normal levels.

DCFS Federal Projects Fund – 0566

Federal Government – DHHS

The decrease in federal government receipts from fiscal year 2016 to fiscal year 2017 was due to the completion of Trauma Focus grants in fiscal year 2016.

Other State Agencies

The Department and the Illinois Department of Human Services (DHS) entered into an interagency agreement (IA) for the Department to perform background checks for certain DHS providers in fiscal year 2016. The first payments for this IA were received in fiscal year 2017, which accounted for the increase in receipts in fiscal year 2017.

DCFS Special Purpose Trust Fund – 0582

Private organizations or individuals

The increase in receipts was due to the Department receiving a one-time grant from the Dave Thomas Foundation in fiscal year 2017.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS (UNAUDITED)
For the Fiscal Years Ended June 30, 2018, 2017 and 2016

Other revenues

The increase in receipts from other State agencies in fiscal year 2017 was a result of transferring the DHS background check program from the Department's DCFS Federal Projects Fund (Fund 0566) to its DCFS Special Purpose Trust Fund (Fund 0582) midyear in fiscal year 2017.

ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEARS 2017 AND 2018

DCFS Children's Services Fund – 0220

Federal Government

Due to changes to some of the Department's Title IV-E programs, claimable expenditures decreased in fiscal year 2018, which resulted in a decrease in receipts.

Reimbursement from Children's Trust

As a result of the IV-E Waiver, it was determined that the flip from Supplemental Security Income (SSI) cases to IV-E was not financially benefiting the Department. The Department has a process by which a determination is made as to which federal program to choose for reimbursement of costs. The Department coordinated with Social Security Administration (SSA) to flip 282 cases from IV-E to SSI in June 2017. This resulted in an increase in receipts in fiscal year 2018.

DCFS Federal Projects Fund – 0566

Other State Agencies

The decrease in receipts from other State agencies was a result of transferring the DHS background check program from Fund 0566 to Fund 0582 midyear in fiscal year 2017.

DCFS Special Purpose Trust Fund – 0582

Private organizations or individuals

The decrease in receipts was due to the Department receiving a one-time grant from the Dave Thomas Foundation in fiscal year 2017.

Other revenues

The increase in receipts in fiscal year 2018 from other revenues was a result of transferring the DHS background check program from the Department's Fund 0566 to Fund 0582 midyear in fiscal year 2017. Increased receipts in fiscal year 2018 represent a full year of receipts versus the partial year of receipts in fiscal year 2017.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (UNAUDITED)
For the Fiscal Years Ended June 30, 2018 and 2017

The Illinois Department of Children and Family Services' (Department) explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for fiscal years 2018 and 2017 (Schedules 1 and 2) are detailed below. For purposes of this analysis, significant lapse period spending is defined as \$100,000 and 20% or more of the total expenditures in that category.

Fiscal Year 2017

General Revenue Fund - 0001

Telecommunications

Significant lapse period spending was due to timing of receipt of the telecommunication bills.

Lump Sum and Other Purposes

The Department made all of its Facility Management Revolving Fund payments (\$1,573,219) to the Illinois Department of Central Management Services (CMS) during the lapse period as it determined how to apply a large credit from CMS. Also, the Department paid out \$2,067,300 of a total \$2,826,966 during lapse for grant related expenditures. The Department indicated this is normal for this line item as university billings are not received until late in the year and quarterly grant payments also skew lapse spending to be higher than the rest of the year.

DCFS Children's Services Fund - 0220

Awards and Grants

Significant lapse period spending was due to delays in receipt of university billings and contract monitors requiring additional reviews for certain contracts as fiscal year end to avoid overpayments. This line also includes numerous providers on a quarterly billing program.

Fiscal Year 2018

DCFS Children's Services Fund - 0220

Awards and Grants

Significant lapse period spending was due to delays in receipt of university billings and contract monitors requiring additional reviews for certain contracts as fiscal year end to avoid overpayments. This line also includes numerous providers on a quarterly billing program.

Awards and Grants, Lump Sum

The Department's access to available appropriations dictated a strategy to shift allowable expenditures to the DCFS Children's Services Fund late in the fiscal year, including lapse period, which led to the spike in lapse spending in the fund.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE (UNAUDITED)
June 30, 2017 and 2018
(Amounts Expressed in Thousands)

The Department has two categories of accounts receivable. Parental accounts receivable are a result of fees assessed to parents of children who are receiving benefits on behalf of children from the Department through foster care or other services. Board accounts receivable are a result of overpayments by the Department to providers of care for the children.

(Per Department records)

<u>General Revenue Fund (0001)</u>	<u>2018</u>	<u>2017</u>
Parental accounts receivable	\$ 47	\$ 50
Less: allowance for uncollectibles	46	48
	<u>1</u>	<u>2</u>
 Board accounts receivable	 3,943	 3,575
Less: allowance for uncollectibles	1,932	1,794
	<u>2,011</u>	<u>1,781</u>
 Accounts Receivable, Net	 <u>\$ 2,012</u>	 <u>\$ 1,783</u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE (UNAUDITED)
June 30, 2017 and 2018
(Amounts Expressed in Thousands)

<u>2018 Aging of Receivables</u>	<u>Current</u>	<u>0 - 30 Days</u>	<u>31 - 90 Days</u>	<u>91 - 180 Days</u>	<u>181 - 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Parental accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47	\$ 47
Board accounts receivable	1,781	20	8	73	68	1,993	3,943
<u>2017 Aging of Receivables</u>	<u>Current</u>	<u>0 - 30 Days</u>	<u>31 - 90 Days</u>	<u>91 - 180 Days</u>	<u>181 - 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
Parental accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50	\$ 50
Board accounts receivable	378	929	33	387	61	1,787	3,575

Note: The Department uses both the Comptroller's offset system and a private collection agency to attempt collection of accounts receivable. If the collection agency is unable to collect the account receivable and the amount owed is \$1,000 or more, the Department submits the account to the Attorney General for suit.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
BUDGET IMPASSE DISCLOSURES (UNAUDITED)
For the Two Years Ended June 30, 2018

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Department of Children and Family Services (Department) to pay fiscal year 2016 costs using the Department's fiscal year 2017 appropriations for non-payroll expenditures. The Department did not have any outstanding invoices from fiscal year 2016 unpaid after the closure of the fiscal year 2016 lapse period on August 31, 2016. Therefore, the Department did not use its fiscal year 2017 appropriations to pay its fiscal year 2016 costs.

In addition, Article 998 of Public Act 100-0021 authorized the Department to pay its unpaid fiscal year 2016 and fiscal year 2017 costs using either the Department's fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Department did not have any outstanding invoices from fiscal year 2017 unpaid after the closure of the fiscal year 2017 lapse period on September 30, 2017. Therefore, the Department did not use its fiscal year 2017 appropriations to pay its fiscal year 2016 costs and does not intend to use either its fiscal year 2017 or fiscal year 2018 appropriations to pay its fiscal year 2016 or fiscal year 2017 costs.

STATE OF ILLINOIS
 DEPARTMENT OF CHILDREN AND FAMILY SERVICES
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
 PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS (UNAUDITED)**
 For the Two Years Ended June 30, 2018

Transactions Involving the Illinois Finance Authority

The Illinois Department of Children and Family Services (Department) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during fiscal year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State’s vendors arising from the State’s cash flow deficit. The Illinois Department of Central Management Services (CMS) approved third party financing entities to act as “qualified purchasers” of accounts receivable from “participating vendors” who had submitted invoices which had not been paid by the State.

A participating vendor’s accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

The following chart shows the Department’s VPP transactions for fiscal year 2017:

VPP transactions	
	2017
Dollar value	\$168,891
Vendors	2
Invoices	97

Vendor Support Initiative Program (VSI)

During fiscal year 2017, none of the Department’s vendors participated in the Vendor Support Initiative Program (VSI).

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
INTEREST COSTS ON FISCAL YEAR 2017 INVOICES (UNAUDITED)
For the Two Years Ended June 30, 2018

Prompt Payment Interest Costs

The Illinois Department of Children and Family Services (Department) calculates prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during fiscal year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Department. The following chart shows the Department's prompt payment interest incurred related to fiscal year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2017, by fund:

Prompt Payment Interest Incurred				
Year Ended June 30, 2017				
Fund No.	Fund Name	Invoices	Vendors	Dollar Value
0001	General Revenue Fund	1,922	141	\$ 90,560
0220	DCFS Children's Services Fund	2,214	68	9,258
0566	DCFS Federal Projects Fund	10	1	195
	Total	4,146	210	\$ 100,013

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
AVERAGE NUMBER OF EMPLOYEES (UNAUDITED)
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

The following information was developed through analysis of headcount schedules.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Child welfare	598	599	610
Child protection	957	869	853
Purchase of service monitoring	394	406	386
Budget and finance	282	283	292
Central administration	113	123	102
Office of the guardian	35	32	30
Clinical services	99	92	96
AFCAR/SACWIS	48	60	56
Title IV-E reimbursements	27	24	14
Inspector general	18	19	19
Targeted case management	34	46	36
Foster care/adoption training	6	5	19
Attorney general CW litigation	4	6	7
Foster care initiative	19	23	5
Independent living initiative	3	4	3
Children's Justice Act	11	1	1
MCO Technical Assist	1	-	1
Special purposes trust fund	4	1	-
Fed Child Welfare Projects	2	3	4
Health care network	1	1	1
	<u>2,656</u>	<u>2,597</u>	<u>2,535</u>

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
MEMORANDUMS OF UNDERSTANDING (UNAUDITED)
For the Two Years Ended June 30, 2018

Parties Involved Other Than The Illinois Department of Children and Family Services	Dates Involved	Memorandum Requirements Description
Board of Trustees of the University of Illinois Division of Services for Crippled Children	11/13/1986 - Ongoing	Cooperative planning and adoption assistance for children whom the Department has legal responsibility, with special medical needs and eligible for division services.
Illinois Department of Healthcare & Family Services	4/15/2004 - Ongoing	Use, protection, and disclosure of protected health information.
Illinois Department of Corrections	6/11/2018	Establishment of a cooperative relationship between both agencies which will keep Department staff safe by providing self defense and specialized communication tactics.
Let It Be Us	1/5/2018	Creation of photographic services, media campaigns and recruitment events promoting adoptions of Department youth.
Children's Advocacy Center of Illinois	5/2/2016; reviewed annually	Assure all Children Advocacy Centers maintain accreditation through National Children's Alliance. Clarification of roles and partnership among the organizations.
Center for Law and Social Work	11/6/2017	Center for Law and Social Work to assist the Department in developing intensive, exhaustive child focused recruitment strategy for managing caseloads and developing adoptive resources.
Chicago Children's Advocacy; Chicago Police Department; Cook County State's Attorney; Cook County Hospital	2/21/2013 until withdrawal by written notice of any partner agency	Multi-disciplinary Leadership team will develop and implement policies and procedures that govern standards of cooperative conduct for all agency personnel.
Illinois Collaboration On Youth	7/17/2013	Establishment of planning initiative to develop models of intervention for at risk youth.
Children's Advocacy Center of Illinois	4/21/2016	Assure all Children Advocacy Centers maintain accreditation through National Children's Alliance. Clarification of roles and partnership among the organizations.
Winnebago County Housing Authority	7/15/2016	Assisting families and youth in finding secure and affordable housing.
National Adoption Competency Mental Health Training Initiative	9/6/2016 to be renewed automatically year to year	Development of a pilot program for web based training.
Enterprise Memorandum; Illinois Department of Human Services; Illinois Department of Aging; Illinois Department of Central Management Services; Illinois Department of Innovation and Technology; Illinois Department of Juvenile Justice; Illinois Department of Commerce and Economic Opportunity; Illinois Department of Public Health; Illinois Department of Corrections; Illinois State Board of Education; Illinois Department of Employment Security; Illinois Department of Veteran Affairs; Illinois Department of Healthcare and Family Services	5/16/2016; will automatically renew	Allow interoperability of technology and programmatic coordination.
Illinois Department of Juvenile Justice; Probation Services; Child Protection; Circuit Court of Cook County; Cook County State's Attorney Juvenile Justice Division; Cook County Guardian; Cook County Juvenile Detention; Cook County Police Department	1/11/2018	Allows parties to share confidential information to identify court involved youth to provide for their safety and improved outcomes and eliminate duplication of services.

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2018

Accountability

Mission Statement: Ensures quality services are provided through licensure and monitoring activities. This includes licensing day care centers, foster homes, child welfare agencies, and institutions. In addition, state staff oversee the provision of services by private agencies and conduct semi-annual reviews of all children in state custody.

Program Goals:

Objectives:

- 1 Enforce licensing standards to ensure the health, safety and well-being of children and youth.
- 2 Monitoring to ensure quality child welfare services are delivered in a timely manner.
- 3 Promote permanency and continuity for every child in substitute care.

Funds: General Revenue Fund, DCFS Children's Services Fund

Statutory Authority: Children & Family Services Act

	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target /Projected</u>
<u>Input Indicators</u>					
● Total expenditures - all sources (in thousands)	\$ 50,120.3	\$ 49,629.4	\$ 54,047.1	\$ 48,421.8	\$ 54,029.0
● Total expenditures - state appropriated funds (in thousands)	\$ 50,120.3	\$ 49,629.4	\$ 54,047.1	\$ 48,421.8	\$ 54,029.0
● Average monthly full-time equivalents	557.0	534.0	546.0	515.0	514.0
<u>Output Indicators</u>					
● Total number of DCFS licensed child welfare agencies	156.0	151.0	160.0	147.0	145.0
● Total number of licensed foster homes	10,392	9,534	10,760	9,333	9,410
● Total number of licensed day care facilities	10,036	10,264	11,440	10,149	10,340
● Total number of licensed institutions & group homes	183.0	179.0	190.0	172.0	160.0
● Annual Case Reviews (ACR) held	17,583	17,230	17,250	17,172	17,250
<u>Outcome Indicators</u>					
● Percent of wards receiving required ACRs	98.6%	98.9%	98.5%	97.9%	98%
● Percent of agency and institution licensing renewals completed	74.2%	88.6%	90.0%	90.1%	90%
● Percent of agency performance monitoring reviews held	98.3%	98.8%	98.5%	92.9%	98%

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2018

Adoption and Guardianship

Mission Statement: Provide new permanent homes for children in the Department's care who cannot safely return to or remain with their biological families. To provide for the well-being of children in adoptive placement. To provide support to adoptive parents before and after adoption-consummation. Work in partnership with communities to fulfill this mission.

Program Goals:

Objectives:

- 1 Support and maintain children in adoptive and guardianship homes.
- 2 Maintain children in adoptive and guardianship homes.
- 3 Stabilize placements in adoptive homes and subsidized guardianships.

Funds: General Revenue Fund, DCFS Children's Services Fund

Statutory Authority: Children & Family Services Act

	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target /Projected</u>
<u>Input Indicators</u>					
● Total expenditures - all sources (in thousands)	\$ 187,663.4	\$ 185,825.7	\$ 202,366.8	\$ 180,617.2	\$ 195,608.6
● Total expenditures - state appropriated funds (in thousands)	\$ 187,663.4	\$ 185,825.7	\$ 202,366.9	\$ 180,617.2	\$ 195,608.6
● Average monthly full-time equivalents	72.0	66.0	68.0	64.0	64.0
<u>Output Indicators</u>					
● Number of children receiving adoption payments (end of year)	19,528	19,277	19,141	19,062	19,112
● Number of children receiving guardianship payments (end of year)	2,810	2,790	2,853	2,780	2,913
<u>Outcome Indicators</u>					
● Number of children adopted	1,560	1,818	1,730	1,706	1,935
● Number of children to guardianship	312.0	435.0	420.0	462.0	464.0

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2018

Family Maintenance

Mission Statement: Support and stabilize families so that children can safely return home or, if they have been removed, quickly return home.

Program Goals:

Objectives:

- 1 Provide effective in-home services to maintain stable family environments and prevent subsequent abuse.
- 2 Provide effective programs to minimize intake into substitute care.
- 3 Improve parenting skills and deter substance abuse.

Funds: General Revenue Fund, DCFS Children's Services Fund

Statutory Authority: Children & Family Services Act

	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target /Projected</u>
<u>Input Indicators</u>					
● Total expenditures - all sources (in thousands)	\$ 47,354.8	\$ 46,891.1	\$ 51,065.1	\$ 49,410.0	\$ 57,581.7
● Total expenditures - state appropriated funds (in thousands)	\$ 47,354.8	\$ 46,891.1	\$ 51,065.1	\$ 49,410.0	\$ 57,581.7
● Average monthly full-time equivalents	31.0	28.0	29.0	30.0	30.0
<u>Output Indicators</u>					
● Intact families at end of fiscal year	3,056	3,536	3,550	3,790	3,801
● Family cases closed	6,306	6,262	6,250	6,603	6,200
<u>Outcome Indicators</u>					
● Intact family cases open more than 12 months	616.0	703.0	675.0	721.0	723.0

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2018

Family Reunification and Substitute Care

Mission Statement: Ensure the well-being, safety and permanency of children who are placed outside their homes due to abuse, neglect or dependency. Work in partnership with communities to fulfill this mission.

Program Goals:

Objectives:

- 1 Children placed outside of the home are protected from abuse and neglect.
- 2 When in care, children are placed close to home, in the least restrictive setting, and in a stable environment.
- 3 Return children home or move them into an alternative permanency quickly.
- 4 Have a process in place to allow children to achieve their highest educational outcomes, given their capabilities and desires.
- 5 When in care, children receive appropriate and necessary physical and mental health care services.

Funds: General Revenue Fund, DCFS Children's Services Fund, DCFS Federal Projects Fund, DCFS Special Purposes Trust Fund

Statutory Authority: Children & Family Services Act

	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target /Projected</u>
<u>Input Indicators</u>					
● Total expenditures - all sources (in thousands)	\$ 683,677.1	\$ 676,982.3	\$ 737,243.2	\$ 689,350.5	\$ 751,281.0
● Total expenditures - state appropriated funds (in thousands)	\$ 683,677.1	\$ 676,982.3	\$ 737,243.2	\$ 689,350.5	\$ 751,281.0
● Average monthly full-time equivalents	831.0	860.0	913.0	892.0	897.0
<u>Output Indicators</u>					
● Children in independent living	597.0	595.0	645.0	507.0	495.0
● Children in regular foster care	3,830	3,613	3,866	3,598	3,567
● Children in relative care	6,769	6,956	6,928	7,652	7,981
● Children in residential placements	1,104	940.0	965.0	883.0	903.0
● Children in specialized foster care	2,338	2,313	2,645	2,357	2,227
● Children with "return home" goal	N/A	6,513	6,800	5,999	6,089
● Children placed outside home (end of year) - paid placements	14,638	14,417	15,049	14,997	15,223
<u>Outcome Indicators</u>					
● Child cases closed	5,233	5,228	5,250	5,243	5,000
● Percent of children returned home	17.2%	14.3%	13.8%	16.9%	13.2%
● Percent of children served within the year moved to permanency	31.8%	31.7%	30.5%	33.7%	31.2%
● Percent of sibling groups placed all or partially together	82.9%	83.6%	83.5%	84.6%	85%
● Number of children returned home	2,219	1,853	1,775	2,181	1,797
● Median length of time open for children in substitute care (years)	2.1	2.0	2.0	1.7	1.5

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS (UNAUDITED)
For the Two Years Ended June 30, 2018

Protective Services

Mission Statement: Protect children, who are reported to be abused and neglected, by assuring their safety in making service provision, placement and permanency planning decisions; by licensing foster homes, group homes, child care institutions and day care facilities; and by enhancing their families' capacity to safely care for them. Provide for the well-being of children in our care. Support early intervention and child abuse prevention activities. Work in partnership with communities to fulfill this mission.

Program Goals:

Objectives:

- 1 Reports of child abuse/neglect reports will be investigated promptly, safety ensured, and subsequent abuse/neglect prevented.
- 2 Increase child safety after agency involvement.
- 3 Improve responsiveness of the child abuse and neglect hotline.

Funds: General Revenue Fund, DCFS Children's Services Fund, DCFS Federal Projects Fund, Child Abuse Prevention Fund

Statutory Authority: Children & Family Services Act

	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>	<u>Fiscal Year 2018 Actual</u>	<u>Fiscal Year 2019 Target /Projected</u>
<u>Input Indicators</u>					
● Total expenditures - all sources (in thousands)	\$ 118,099.2	\$ 116,942.7	\$ 127,352.3	\$ 117,022.7	\$ 125,127.3
● Total expenditures - state appropriated funds (in thousands)	\$ 118,099.2	\$ 116,942.7	\$ 127,352.3	\$ 117,022.7	\$ 125,127.3
● Average monthly full-time equivalents	1,077.0	999.0	1,039.0	1,129.0	1,127.0
<u>Output Indicators</u>					
● Family reports investigated	78,581	75,034	78,150	77,428	75,200
● Hotline calls	245,388	252,388	247,770	276,538	253,122
● Children investigated	127,249	120,815	125,599	133,564	121,100
<u>Outcome Indicators</u>					
● Number of indicated family reports	18,910	17,485	18,800	18,920	18,800
● Percent of investigations indicated	24.1%	23.3%	24.1%	24.4%	25%
● Percent of investigations initiated within 24 hours	99.2%	99.4%	99.5%	99.4%	99.5%
● Percent of investigations completed on time	87.4%	99.8%	99%	99.8%	99%

STATE OF ILLINOIS
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SCHEDULE OF INDIRECT COST REIMBURSEMENTS (UNAUDITED)
For the Years Ended June 30, 2018, 2017 and 2016

The Department negotiates indirect cost reimbursement rates with the U.S. Department of Health and Human Services (DHHS). The indirect cost rates are used to support claims for indirect costs pertaining to grants and contracts with the federal government. The Department contracts the rate proposal and negotiation process to a professional consultant.

The rates are approved by DHHS in accordance with OMB Circular A-87, subject to any statutory or administrative limitations. Initially, provisional rates are determined and used. Final rates are eventually determined, generating possible over/under recovery of indirect costs, which are considered as prior claims are adjusted.

Cost base: Direct salaries and wages excluding all fringe benefits.

	Rates			Actual Amounts Reimbursed for Indirect Costs		
	(b)	(a)		2018	2017	2016
	FY18	FY17	FY16			
Costs applicable to:						
Division of Support Services:						
Central Payment, FFP, Case Assignment and Day Care Unit	18.9%	18.9%	18.9%	\$ 178,795	\$ 187,153	\$ 192,858
Training	28.1%	28.1%	28.1%	212,286	165,899	149,832
Child Protection and Child Welfare Services	22.8%	22.8%	22.8%	2,713,039	3,161,305	3,558,914
Administrative Case Review	15.1%	15.1%	15.1%	190,113	222,252	255,477
Service Intervention including Housing & Cash Assistance, Placmt/Perm & Post Adopt	16.4%	16.4%	16.4%	304,872	325,743	323,309
Monitoring/Quality Assurance	17.1%	17.1%	17.1%	868,836	981,626	1,053,152
AFCARS/SACWIS	29.3%	29.3%	29.3%	272,204	329,296	378,618
Central Administration: Juvenile Court & Legal Permanency and Child & Family Policy	16.0%	16.0%	16.0%	222,908	253,265	265,040
Clinical Services	17.9%	17.9%	17.9%	-	25,196	138,730
Office of the Guardian/Advocacy	17.6%	17.6%	17.6%	270,350	309,352	335,158
			Total	\$ 5,233,403	\$ 5,961,087	\$ 6,651,088

(a) Fiscal year 2016 is last approved rate agreement.

(b) Provisional rate used until final rate is approved.