

TITLE 89: SOCIAL SERVICES
CHAPTER XX: DEPARTMENT OF HUMAN SERVICES

PART 509

FISCAL ~~AND~~ ADMINISTRATIVE RECORDKEEPING AND REQUIREMENTS

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21
22 AUTHORITY: Implementing and authorized by the Department of Human Services Act [20
23 ILCS 1305].

24
25 SOURCE: Adopted by emergency rulemaking at 24 Ill. Reg. 9250, effective June 14, 2000, for
26 a maximum of 150 days; emergency expired November 10, 2000; adopted at 24 Ill. Reg. 18137,
27 effective November 30, 2000; amended at 26 Ill. Reg. 8547, effective May 31, 2002; amended at
28 32 Ill. Reg. 7769, effective April 30, 2008; amended at 48 Ill. Reg. _____, effective
29 _____.

30
31 **Section 509.15 Definitions**

32
33 "Accreditation" – means a process establishing that a program complies with
34 nationally recognized standards of care set by one of the following:

35
36 Accreditation Manual for Hospitals (Joint Commission on Accreditation
37 of Healthcare Organizations (JCAHO), One Renaissance Boulevard,
38 Oakbrook Terrace, Illinois 60181, [as amended 2020](#)~~1993~~);

39
40 Manual on Agency Accreditation (Council of Accreditation of Services
41 for Families and Children (COA), 520 Eighth Avenue, Suite 2202B, New
42 York, New York 10018, [as amended 2020](#)~~1993~~);

44 Mental Health Standards (Joint Commission on Accreditation of
45 Healthcare Organizations (JCAHO), One Renaissance Boulevard,
46 Oakbrook Terrace, Illinois 60181, as amended 2020~~1993~~);

47
48 Standards for Services for People with Developmental Disabilities (The
49 Council on Quality and Leadership in Supports for People with
50 Disabilities (The Council), 100 West Road, Suite 406, Towson, Maryland
51 21204, 1990);

52
53 Standards Manual for Organizations Serving People with Disabilities
54 (Commission on Accreditation of Rehabilitation Facilities (CARF), 101
55 North Wilmot Road, Suite 500, Tucson~~Tuseon~~, Arizona 85711, July
56 1992).

57
58 "Agency" – means the individual or organization with whom the Department has
59 a contract or ~~agreement~~ for services. The term Awardee~~Provider~~ is synonymous
60 with Agency~~agency~~.

61
62 "Arm's Length Transaction" – means a transaction between two parties acting
63 independently, with neither party having the ability to control or exercise
64 significant influence over the other party in the making or implementing of
65 financial and operational decisions, leading the parties to agree upon fair market
66 terms.

67
68 "Award" – see definition of "Grant."

69
70 "Awardee" means a State, local government, institution of higher education, or
71 organization, whether non-profit or for-profit, that receives State, federal, or
72 federal pass-through financial assistance from a State or federal agency. The term
73 Awardee is synonymous with Agency.

74
75 "Conflict of Interest" means a conflict that occurs when an entity or individual
76 becomes unreliable, has questionable motives, or acts in their own self-interests as
77 a result of differences between personal (or self-serving) interests and
78 professional duties or responsibilities.

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80 "Day" – means a calendar~~calender~~ day.

81
82 "Deemed Status" – means an Agency~~agency~~ has been accredited by an approved
83 accrediting body as identified in Section 509.110. The Department may deem the
84 Agency~~agency~~ to be in substantial compliance with all or part of Sections 509.30
85 and 509.80 at the sole discretion of the Department. Deemed status, however,
86 may be nullified by a finding by the Department that the Agency~~agency~~ is in

87 substantial non-compliance with one or more of the designated Sections of this
88 Part.

89
90 "Department" – means the Illinois Department of Human Services.

91
92 "Fee-for-Service" – means a program for which the payments are made on the
93 basis of a rate, unit cost or allowable cost incurred and are based on a statement or
94 bill as required by the Department. Payments made as a fee-for-service are not
95 subject to the Illinois Grant Funds Recovery Act [30 ILCS 705].

96
97 "Grant" or "Award" – means financial assistance that provides support or
98 stimulation to accomplish a public purpose. "Awards" include grants and other
99 agreements in the form of money, or property in lieu of money, by the State
100 agency or federal government to an eligible recipient. Except as otherwise
101 provided by 30 ILCS 705/3, all grant funds are subject to the provisions of this
102 Part~~a program that receives all or part of the funding in advance of the actual~~
103 ~~delivery of services. This includes prorated prospective payments and payments~~
104 ~~made by the Department on an estimated basis or any other basis when the~~
105 ~~Department does not know the actual amount earned by the Provider. This does~~
106 ~~not include advance payments made under the authority of Section 9.05 of the~~
107 ~~State Finance Act [30 ILCS 105/9.05]. All funds paid as a grant are subject to the~~
108 ~~Illinois Grant Funds Recovery Act [30 ILCS 705].~~

109
110 "Secretary" – means the Secretary of the Illinois Department of Human Services.

111
112 (Source: Amended at 48 Ill. Reg. _____, effective _____)

113
114 **Section 509.20 Allowable/Unallowable Costs**

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116 Allowable/Unallowable Costs – Costs associated with Department programs are assumed to be
117 allowable unless they are specified as unallowable by other Parts of Department rules, or by
118 federal regulation, or by individual program policies or directives of the Department. The
119 funding program ultimately decides what is allowable based on the program award and
120 expenditure characteristics.

- 121
122 a) Expenses reimbursable from Department funds:
- 123
124 1) In general, expenses meeting all of the following criteria are reimbursable
125 from Department funds if the expenses are:
- 126
127 A) Necessary and related to the provision of program services;
- 128
129 B) Reasonable to the extent that a given cost is consistent with the

- 130 amount paid by similar agencies for similar services;
 131
 132 C) Not specified in subsection (b) ~~of this Section~~ as not reimbursable;
 133 ~~and~~
 134
 135 D) Allowable; and ~~Not illegal.~~
 136
 137 E) Allocable.
 138
 139 2) All expenses that can be identified to a specific Department-funded
 140 program shall be charged directly to that program. Indirect costs (i.e.,
 141 expenses ~~Expenses~~ not directly identifiable to a Department-funded
 142 program) shall be allocated to all benefitting programs, both Department-
 143 funded and other programs. Awardees ~~Providers~~ are required to have an
 144 approved indirect cost rate in the State of Illinois Indirect Cost Rate
 145 Election System (ICRES) to be reimbursed for indirect costs in accordance
 146 with 44 Ill. Adm. Code 7000.420(e) through (i). Additionally, awardees
 147 must maintain a cost allocation plan, in accordance with Section
 148 509.40(c), if they receive more than one source of funding or operate more
 149 than one program.
 150
 151 ~~3) Research expenses, if prior written approval is received from the~~
 152 ~~Department. Program evaluation expenses are not considered research~~
 153 ~~expenses.~~
 154
 155 b) Expenses not reimbursable from Department funds, unless prior written
 156 authorization is received from the Department:
 157
 158 1) Research expenses. Program evaluation expenses are not considered
 159 research expenses.
 160
 161 ~~2) Compensation for members of the Agency's~~ agency's governing body.
 162 This does not include reimbursement for travel or other Agency ~~agency~~
 163 related business expenses incurred by these members;
 164
 165 ~~3) Expenses related to entertainment of persons other than individuals who~~
 166 ~~receive services through a Department program;~~
 167
 168 ~~4) Individual staff or Agency~~ agency association dues are not reimbursable
 169 except for the following situations:
 170
 171 A) Dues for group purchasing relationships for the exclusive purpose
 172 of cost saving on purchases.

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B) Dues for membership that provide Agency~~agency~~ staff with professional training and resources necessary to provide services funded by the Department;

54) Costs of attending professional meetings; e.g., association meetings and conventions are not allowable except for the portion of costs related to activities to enhance or improve services funded by the Department. (Costs for staff attendance at in-service training seminars and workshops can be reimbursed.);

65) Fund-raising expenses;

76) Bad debts;

87) Charity and grants (The cost of employee educational assistance can be reimbursed.);

98) The following types of interest expenses:

A) Interest on funds borrowed for investment purpose;

B) Interest on funds borrowed to create more than two months of working capital;

C) Interest on funds borrowed for the personal benefit of any person;

D) Interest on funds borrowed without a prior time-limited written agreement with the Department for the purchase of land, buildings and/or equipment for future expansion, until such assets are actively used in support of program services;

E) Interest in excess of the current market rate paid to individuals or organizations in less than Arm's Length Transactions~~"arm's length" transactions~~;

F) Interest charges on intra-Agency~~agency~~ fund loans, e.g., interest recorded in the capital fund on cash loaned to the operating fund;

G) Interest expense to the extent that interest income was realized by investment of excess operating funds i.e., interest expense must first be offset against interest income and any remaining interest expense is eligible for reimbursement from Department grant

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funds;

- ~~109~~) The use of Department funds to develop commodity or equipment inventories. The usage of commodity inventories and the depreciation on fixed assets, if capitalized in accordance with generally accepted accounting principles (GAAP), are expenses that are eligible for reimbursement from Department funds;
- ~~1140~~) Depreciation on fixed assets acquired with Department funds;
- ~~1244~~) Cost of production of a work program. When the product of a Department-funded work program is saleable, the expenses of individual's wages and fringe benefits and of material costs are not reimbursable from Department funds;
- ~~1342~~) In-kind contributions;
- ~~1443~~) Alcoholic beverages;
- ~~1544~~) The portion of the cost of automobiles furnished by the organization related to personal use by employees, including transportation to and from work, is unallowable as a fringe benefit or indirect cost;
- ~~1645~~) Costs of fines, penalties, legal services, resulting from or in relation to the failure of the ~~awardee~~~~provider~~ to comply with federal, ~~State~~~~state~~, and local laws and regulations, are unallowable, except when incurred as a result of compliance with specific provisions of a Department ~~Award~~~~award~~ or program or instructions in writing from the Department;
- ~~1746~~) Goods or services for personal use or purchased at less than an Arm's Length Transaction ~~"arm's length" transaction~~ for an amount greater than the fair market value;
- ~~1847~~) The cost associated with lobbying any elected official of local, ~~State~~~~state~~ or federal government is unallowable, including:
 - A) Expenses incurred in attempts to influence the outcome of any federal, ~~State~~~~state~~, or local election, referendum, or initiative;
 - B) Expenses incurred in attempts to influence the introduction, enactment, or modification of federal or ~~State~~~~state~~ legislation; and
 - C) Expenses incurred in connection with legislative liaison activities

259 when such activities are carried on in support of, or in preparation
260 for, unallowable lobbying. Cost associated with providing
261 technical and factual information on a topic directly related to the
262 performance of a program funded by the Department, through
263 hearing testimony, statement or letters to elected officials or
264 representative body, are not considered lobbying cost and are
265 allowable;

266
267 1918) Relocation cost of awardee~~provider~~ employees, except in the following
268 situations:

- 269
270 A) The move is for the benefit of the employer;
- 271
272 B) Reimbursement to the employee is in accordance with an
273 established written policy consistently followed by the employer;
274 and
275
- 276 C) The reimbursement does not exceed the employee's actual (or
277 reasonably estimated) expenses;

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279 2019) Gratuities;

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281 2120) Political contributions;

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283 2221) Related party transactions except for the following situations:

- 284
285 A) When the items for which expenses incurred are consistent with
286 fair market value; and
287
- 288 B) There is evidence of approval in the minutes of the governing
289 body;

290
291 2322) Costs associated with goods or services paid in a "conflict of interest"
292 situation.

293
294 24) Salaries above the State or federal threshold pursuant to the Salary Cap
295 Summary (FY 1990 - present) at
296 https://grants.nih.gov/grants/policy/salcap_summary.htm; and

297
298 25) Expenses requiring prior written approval in accordance with 2 CFR
299 200.407.

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301 (Source: Amended at 48 Ill. Reg. _____, effective _____)

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Section 509.30 Fiscal Requirements/Management

- a) The Agency shall be managed in a manner consistent with sound fiscal standards. The Agency shall maintain written policies and procedures regarding its fiscal activities, including but not limited to payroll, purchasing, cash management, relevant fee schedules, contracts, and risk management. The Agency must demonstrate internal controls that are consistent with any generally accepted accounting principles (GAAP) or as may be appropriate and applicable for the type and size of the organization such as governmental accounting standards (GAS) issued by the Governmental Accounting Standards Board (GASB) for governmental organizations. ~~as determined by the Department.~~
- b) An Agency is required to provide evidence ~~show proof~~ that the governing body has approved a budget at least annually. If the budget approved by the governing body indicates deficits for Department-funded programs and/or for the Agency as a whole, this should be documented in the minutes of the governing body meeting. The governing body is expected to fulfill its statutory responsibility.
- c) If the Agency has the responsibility for the management of funds for the individuals it serves, such funds shall be accounted for on an individual basis in a ~~single~~ separate account for each individual. Funds of an individual served by the Agency may not be converted for use by the Agency. The use of these funds is restricted to the direct needs and support of the individual. Additionally, the use of these funds is subject to the requirements set forth by other relevant State or federal departments or regulatory agencies including, but not limited to, the Illinois Department on Aging, Social Security Administration (SSA), and similar agencies. Fiscal and Administrative Reviews (FARs) may consider the results of SSA educational visits, payee reviews, annual reporting, and other such requirements for qualified organizations under the SSA Representative Payee program.
- d) An Agency that assesses fees/co-payments to individuals for services shall maintain a written policy for billing and collection of fees, ~~co-payments,~~ or both. This policy will include a system for billing individual's, with appropriate financial assistance based on the ability of the individual or the individual's responsible relative to pay. The system shall also provide a record of charges and a method of collecting third party payments.
- e) No Agency shall require an individual or family member to make cash or in-kind contributions, or to provide unpaid services to the Agency, beyond the fee schedule specified in subsection (d) ~~of this Section~~. No Agency

345 shall suggest, imply, or give reason to believe that access to initial or continued
 346 service is contingent on, or in ~~any way~~ ~~anyway~~ related to, voluntary contributions
 347 by an individual or family member. Provision of service in Department-funded
 348 programs shall not be denied on the basis of the individual's inability or ability to
 349 pay unless the Department requires fees ~~/co-payments,~~ or both as part of the
 350 eligibility for services. Such required fees/co-payments must comply with
 351 subsection (d) ~~of this Section.~~

352
 353 f) Gross income earned by the Agency that is directly generated by a supported
 354 activity or earned as a result of the award must be used and administered in
 355 accordance with applicable regulatory and contractual requirements. Gross
 356 income earned by the Agency that is directly generated by a supported activity or
 357 earned as a result of the award must be used and administered in accordance with
 358 applicable regulatory and contractual requirements.

359
 360 gf) An Agency ~~agency~~ is permitted to establish and maintain reserve funds. However,
 361 the establishment of or addition to a reserve fund is not permitted from grant
 362 award funds.

363
 364 (Source: Amended at 48 Ill. Reg. _____, effective _____)

365
 366 **Section 509.40 Accounting Requirements**

367
 368 a) Each Agency ~~agency~~ shall establish and maintain a financial ~~an accounting~~ system
 369 in accordance with generally accepted accounting principles (GAAP) and
 370 applicable regulatory requirements including 2 CFR 200.302. Establishing and
 371 maintaining a financial system may apply to the awardee entity or be a contractual
 372 relationship with a fiscal agent entity.

373
 374 b) Financial ~~Accounting~~ transactions shall be properly classified, adequately
 375 documented, supported, and recorded in appropriate books of original entry
 376 (journals), and posted to general ledgers on a monthly basis.

377
 378 c) For programs funded by the Department, expenses shall be recorded by specific
 379 program. Expenses for all other programs may be booked on total. Expenses that
 380 cannot appropriately be charged directly to ~~a one or more~~ specific
 381 program ~~programs~~ shall be reimbursable as indirect costs up to the limit of the
 382 State of Illinois approved Indirect Cost Rate agreement (see 44 Ill. Adm. Code
 383 7000.420). Other shared expenses may be allocated on a reasonable basis to the
 384 various benefitting programs, both Department-funded programs and programs
 385 funded from other sources in accordance with the Agency's written cost allocation
 386 plan and methodology. It will be the Agency's ~~agency's~~ responsibility to
 387 document its program expense allocation methodology and rationale.

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- d) All ~~financial~~~~fiscal~~ records and supporting documents shall be ~~retained~~~~maintained~~ for at least ~~three~~~~five~~ years after the end of the fiscal year to which they relate. If need for them still remains, because of unresolved audit issues, litigation or for similar reasons, related records must be retained until the matters are completely resolved. Failure to maintain adequate records to document the expenditure of DHS funds creates a presumption in favor of the Department for recovery of the funds.
- e) All depreciation schedules shall be in accordance with 2 CFR 200.436(d)(2)~~computed on the straight line basis~~. The ~~Agency~~~~agency~~ shall clearly identify in its depreciation schedule any capital assets equal to or greater than the amount stated in 2 CFR 200.439~~of \$500 or more~~ acquired with Department grant award funds.
- f) The Department may establish additional accounting requirements for specific grants or programs. Agencies receiving such grants or receiving funds for such programs shall comply with those special requirements.

(Source: Amended at 48 Ill. Reg. _____, effective _____)

Section 509.50 Funding Suspension

- a) The Department may suspend funds to the ~~awardee~~~~provider~~ for any of the following reasons:
 - 1) Denying Departmental staff reasonable access to records required under this Part or any other applicable rule of the Department (i.e., records pertaining to the activities and responsibilities of the ~~awardee~~~~provider~~ necessary to document the use of Department funds or responsibilities of the ~~awardee~~~~provider~~ relative to the management of Department funds);
 - 2) Failure to implement mutually agreed upon, written corrective actions that resulted from findings and recommendations related to a Departmental initiated review. ~~Awardees~~~~Providers~~ will be given a reasonable amount of time to implement corrective actions. Normally this would be three to six months;
 - 3) When the Department has information, either from Department fiscal/administrative reviews, Office of Executive Inspector General, Office of Attorney General, or other State or federal reviews, or from an independent audit, that leads to a reasonable conclusion that the ~~awardee~~~~provider~~ is in substantial non-compliance with generally accepted

- 431 accounting principles or is otherwise unable to protect and account for
432 Department funds;
433
434 4) A founded complaint or report from another State or federal agency that
435 impacts directly or indirectly on Department of Human Services programs.
436
437 b) During the period of suspension, funds earned by the awardee~~provider~~ will
438 continue to accrue and will be released by the Department once the
439 awardee~~provider~~ complies with the conditions that caused the funding suspension
440 or the Secretary determines that the suspension should be removed in accordance
441 with Section 509.65. Release of funds is contingent on the Department's authority
442 to pay for service (e.g., reimbursement for a prior fiscal year after the close of the
443 lapse period would be outside the Department's authority).
444

445 (Source: Amended at 48 Ill. Reg. _____, effective _____)
446

447 **Section 509.60 Cancellation of Award/Agreement** 448

449 The Department may cancel the Award~~award~~/agreement for any of the following reasons:
450

- 451 a) Substantial or material breach of the agreement;
452
453 b) Failure to implement a mutually agreed upon, written corrective action plan
454 within the reasonable period of time, when the corrective action was necessary to
455 remedy serious and substantial deficiencies and weaknesses in the
456 awardee's~~provider's~~ fiscal and administrative practices;
457
458 c) Documentation of fraudulent or criminal activity, on the part of the
459 awardee~~provider~~, by either the Department or other governmental or investigative
460 bodies;
461
462 d) Determination by the Department, based on a founded allegation, that the
463 awardee~~provider~~ was responsible for abuse or neglect of a client in the
464 awardee's~~provider's~~ care;
465
466 e) Failure to take reasonable measures to protect Department funds from
467 misappropriation, embezzlement, or conversion for uses not approved by the
468 Department; or
469
470 f) A founded complaint or report from another State agency relative to Department
471 programs.
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473 (Source: Amended at 48 Ill. Reg. _____, effective _____)

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Section 509.65 Process for Suspension of Funding/Cancellation of Award/Agreement

- a) Suspension/Cancellation. The process for suspension of funding pursuant to Section 509.50 and cancellation pursuant to Section 509.60 is as follows:
 - 1) Notice. The ~~awardee~~provider shall be notified, in writing, by the Department of the action taken, the reason for the action, and the effective date of the action. The Notice shall be sent by certified mail, registered mail, or private carrier.
 - 2) Request for Review. The ~~awardee~~provider shall have 7 days from the receipt of the notice, as determined by the certified mail, registered mail, or private carrier receipt, to request a review of the suspension/cancellation action by the Secretary of the Department and to provide supportive information to the Secretary as to why the action should not occur. ~~If~~In the event that the request and information are not submitted within the 7-day period, the Department may proceed with the suspension or cancellation.
 - 3) Additional Information. To assist the Secretary in ~~their~~his/her review, the Department may request additional information from the ~~awardee~~provider or other sources. Any additional information requested from the ~~awardee~~provider must be submitted within the time period established by the Department. Failure of the ~~awardee~~provider to comply with the request for additional information in a timely manner may result in resolution of the issue without consideration of that information.
 - 4) Secretary's Decision. The Secretary may delegate the responsibility for investigation of the issue and fact finding. The Secretary shall issue a final written decision as expeditiously as possible after receiving the request for review, supportive information, and any additional information requested by the Department. The Secretary's final decision to suspend funding, in part or in whole, shall indicate terms and conditions for rescinding the suspension and reinstatement of funding. The decision of the Secretary is a final decision of the agency for purpose of the Administrative Review Law [735 ILCS 5/Art. III], if applicable.
- b) Cancellation of Funding.
 - 1) Funding under this Part to ~~an awardee~~a provider who is served a notice under subsection (a)(1) may be suspended summarily without opportunity to provide supportive information as provided in subsection (a)(2) if, in

517 the Secretary's discretion, it is determined that immediate suspension is
 518 necessary because the risk of continuing funding is sufficient to seriously
 519 outweigh the general policy in favor of advance notice and the opportunity
 520 to provide supportive information. If the suspension is pending a final
 521 decision of cancellation under Section 509.60, the ~~awardee~~provider shall
 522 not incur costs chargeable to the Department after the effective date
 523 included in the notice. Opportunity to provide supportive information
 524 shall be provided according to the provisions of subsection (a)(2)
 525 following suspension pending cancellation of funding. If the Secretary
 526 finds for the ~~awardee~~provider, funding shall then be reinstated.

- 527
- 528 2) For all other actions for suspension or cancellation of funding, in whole or
 529 in part, suspension or cancellation shall occur after issuance of the
 530 Secretary's final written decision.

531
 532 (Source: Amended at 48 Ill. Reg. _____, effective _____)

533
 534 **Section 509.70 ~~On-Site~~Fiscal and /Administrative Reviews**

- 535
- 536 a) The Department shall conduct periodic monitoring activities including onsite,
 537 virtual, or desk fiscal and /administrative reviews of ~~awardees~~providers. At the
 538 Department's option, other public or /private organizations may assist the
 539 Department in these reviews, or the Department may authorize these public or
 540 /private organizations to do their own review. Public or /private organizations
 541 authorized by the Department to assist or conduct reviews are subject to the
 542 confidentiality requirements of the Department. The purpose of the reviews is:
 543
- 544 1) Assess compliance with the requirements of this Part; and/or
- 545
- 546 2) Follow up on corrective actions and findings from previous reviews.
 547 Fiscal/administrative reviews may be conducted as independent reviews or
 548 in conjunction with other Department monitoring on-site activity. The
 549 Department will make reasonable efforts to combine fiscal and
 550 /administrative reviews with other Department reviews to minimize
 551 disruption to the ~~awardee~~provider.
- 552
- 553 b) The ~~awardee~~provider shall make available to the Department all records necessary
 554 to complete the review. This would include all subcontracts and management
 555 agreements. Such subcontracts or management agreements must be in writing
 556 and contain a provision authorizing the Department access to appropriate records.
 557
- 558 c) When the Department's fiscal/administrative review results in findings that merit
 559 correction, the ~~awardee~~provider shall be notified in writing and given the

560 opportunity to submit a corrective action plan. The ~~awardee~~provider shall provide
 561 written corrective actions, if requested by the Department, in response to findings
 562 and recommendations resulting from a fiscal/administrative review.
 563

- 564 d) The Department may at its option release the final report and associated
 565 documents to individuals and organizations other than the ~~awardee~~provider.
 566 Reasons for the release may include but are not limited to: freedom of information
 567 requests, as part of a criminal investigation, in response to a request from another
 568 government agency, or in response to a court order.
 569

570 (Source: Amended at 48 Ill. Reg. _____, effective _____)
 571

572 **Section 509.80 Administrative Requirements**
 573

574 The Department requires that all ~~awardees~~providers of services be able to demonstrate
 575 compliance with the following administrative activities. In those instances where these
 576 requirements are not appropriate due to the size of the ~~Agency~~agency or its legal status (e.g., not-
 577 for-profit, for-profit) the Department will consider written requests for a waiver of the specified
 578 requirement. A request for a waiver shall be written and addressed to the Secretary. It should
 579 identify the portion of the rule from which a waiver is being sought and state the reason for this
 580 request. The Department shall have 30 days after the receipt of any request for a waiver to
 581 respond. The Department's response shall be in writing.
 582

- 583 a) The organization's bylaws, policies and procedures should be current. These
 584 should be reviewed and approved by the governing body of the ~~awardee~~provider
 585 and should address issues related to good business practice. Other information
 586 that should be available includes, but is not limited to, the following:
 587

- 588 1) A current organization chart.
- 589
- 590 2) A list of board members and their term of office. Employees of the
 591 ~~awardee~~provider and immediate family members of ~~awardee~~provider
 592 employees may not serve as members of the board ~~unless written~~
 593 ~~permission is received from the Department~~. Vacancies on the board
 594 should be filled in a timely fashion. Individuals serving on the board must
 595 be able to objectively discharge their duties and may not engage in
 596 activities that could create a conflict of interest.
 597
- 598 3) Minutes of the board meetings. The board should meet at least quarterly.
 599
- 600 4) Specific written policies on:
 601
- 602 A) Conflict of interest, including staff, administration, and Board

- 603 member disclosures;
- 604
- 605 B) Fee policies and fee schedules;
- 606
- 607 C) Unusual incidents (e.g.i.e., sexual assault, sexual harassment,
- 608 abuse, neglect, death, physical injury, missing person, theft,
- 609 assault, criminal conduct).
- 610
- 611 b) Proof of incorporation status.
- 612
- 613 c) Copies of the following reports, if applicable:
- 614
- 615 1) Annual Report to the Internal Revenue Service (Return of Organization
- 616 Exempt from Income Tax Form 990 or 990-EZ);
- 617
- 618 2) Annual Report to the Attorney General (Charitable Organization – Form
- 619 AG 990-IL);
- 620
- 621 3) Employer's Quarterly Federal 941 Tax Filings;
- 622
- 623 4) Employer's Quarterly Illinois 941 Tax Filings; and/or
- 624
- 625 5) Employer's Quarterly Illinois Department of Employment Security (IDES)
- 626 Tax Filings.
- 627
- 628 d) A comprehensive, written set of personnel policies that at a minimum address the
- 629 following:
- 630
- 631 1) Policies concerning the hiring, evaluating, and discipline of staff
- 632 (including termination);
- 633
- 634 2) Policies on nondiscrimination in hiring, ~~or~~ employment, or discrimination
- 635 for awardee personnel or award recipients on the basis of, including, but
- 636 not limited to, race, color, sex (including sexual harassment) religion,
age,
- 637 national origin, ancestry, age (40 and over), order of protection status,
- 638 marital status, sexual orientation (including gender-related identity),
- 639 physical,~~religion,~~ or mental disability, unfavorable discharge from military
- 640 service, pregnancy, citizenship status, employment discrimination based
- 641 on arrest record, or discrimination in real estate transactions based on
- 642 familial status or arrest record~~handicap~~;
- 643
- 644 3) Requirements for license, registration, or certification by the State, if
- 645 required;

- 646
647 4) Requirements for a written job description listing duties and
648 responsibilities;
649
650 5) Requirements for an annual written evaluation;
651
652 6) Method of performing background checks for paid staff as required by
653 local, State or federal law or regulation;
654
655 7) Policies on sexual harassment that identify employee's rights and the
656 procedure used to file a complaint; and
657
658 8) Policies concerning approval of bonuses and/or deferred compensation for
659 staff and administration, including the need for Board approval of such
660 personnel transactions.
661
662 e) Maintenance of a property control inventory that includes a description of each
663 item, identifying number of the item, date the item was purchased, the cost of the
664 item, location of the item, ~~and~~ the source of funds used to purchase the item, and
665 relevant disposition data, including, but not limited to, applicable disposal dates,
666 if available.
667
668 f) Full disclosure of all management and subcontractor arrangements, including all
669 supporting documents.
670

671 (Source: Amended at 48 Ill. Reg. _____, effective _____)
672

673 **Section 509.100 Prompt Payment Act** 674

675 The provisions of the Prompt Payment Act apply to this rule. This Part does not constitute a
676 waiver of the ~~awardee's~~~~provider's~~ rights to recover a penalty for late payment as specified in the
677 Act.
678

679 (Source: Amended at 48 Ill. Reg. _____, effective _____)
680

681 **Section 509.110 Accreditation** 682

- 683 a) ~~Awardees~~~~Providers~~ demonstrating current accreditation status under either the
684 Standards for Services for People with Developmental Disabilities (Council),
685 Standards Manual for Organizations Serving People with Disabilities (CARF),
686 Council on Accreditation of Services for Families and Children (COA), Mental
687 Health Standards (JCAHO), or the Accreditation Manual for Hospitals (JCAHO)
688 may be deemed to be in compliance with all or part of Sections 509.30 and 509.80

689 at the sole discretion of the Department. Standards the Department will consider
690 when determining whether current accreditation status will suffice include, but are
691 not limited to, the time period since last accreditation, the continuity of
692 awardee~~provider~~ management and board oversight (does the awardee~~provider~~
693 have the same management and board as when accreditation status was earned)
694 and whether the Department has unusual or outstanding problems with the
695 awardee~~provider~~.

- 696
- 697 b) Demonstration of current accreditation shall be the responsibility of the
698 awardee~~provider~~.
- 699
- 700 c) If the awardee's~~provider's~~ accreditation status changes for any reason, the
701 awardee~~provider~~ shall notify the Department of that change within 30 days after
702 the effective date following the change.
- 703
- 704 d) The Department may review records of the awardee~~provider~~ subject to
705 accreditation.

706
707

(Source: Amended at 48 Ill. Reg. _____, effective _____)