

Review: 4273
Statewide Single Audit
Year Ended June 30, 2006
Department of Children and Family Services
9 Recommendations, 5 Repeated
Accepted - 6; Implemented – 3

6-29. The auditors recommend DCFS review its procedures for retaining and documenting how beneficiaries have met eligibility requirements and implement changes necessary to ensure birth certificates and relevant court orders exists for all children for whom foster care benefits are claimed.

Findings: DCFS could not locate case file documentation supporting eligibility determinations for beneficiaries of the Foster Care program. During test work of Foster Care beneficiary payments, the auditors reviewed 50 case files for compliance with eligibility requirements and allowability of related benefits and noted the following exceptions:

- In one case, DCFS could not locate the child's birth certificate evidencing the child met the age limitations of the program. DCFS claimed foster care payments on behalf of this child totaling \$12,000 during the year ended June 30, 2006.
- In one case, DCFS could not locate the child's "Order Appointing Private Guardian," evidencing that the subsidized guardianship had been granted to the child's private caregiver. DCFS claimed foster care payments on behalf of this child totaling \$2,669 during the year ended June 30, 2006.

In discussing these conditions with DCFS officials, they state the documents requested were received a number of years ago and the documents were thought to have been filed within the original foster care case files. When those files were retrieved, the documents were not included and apparently had been misplaced.

Updated Response: Partially Implemented. The Department has reviewed the items identified by the auditor and its procedures for obtaining and retaining documentation. After additional documents were located, an adjustment for the remaining questioned items is being made on the December 2007 claim for the beneficiary payment costs questioned by the auditor.

06-30. The auditors recommend DCFS review its procedures for obtaining and documenting whether judicial determinations have been made for all beneficiaries. Such procedures should include identifying children who are not eligible for assistance under the Foster Care program as a result of the required judicial determinations not being made. (Repeated-2005)

Findings: DCFS did not ensure that required judicial determinations were made in applicable court rulings, including those pertaining to “Reasonable Efforts” and “Contrary to the Welfare.”

During test work over Foster Care beneficiary payments, the auditors selected 50 eligibility files to review for compliance with eligibility requirements and for the allowability of the related benefits and noted the following exceptions:

- In two cases, a judicial determination of reasonable efforts to prevent a child’s removal from the home was not made in any of the court orders we reviewed.
- In one of the two cases noted above, the court order removing the child from the home did not contain language to the effect that continuing in the residence would be contrary to the welfare of the child, or that placement would be in the best interest of the child.

DCFS claimed reimbursement for foster care maintenance payments made on behalf of these children totaling \$3,829 during the year ended June 30, 2006. Of this amount, \$761 for one of the children is also included as questioned costs related to Finding 06-32, “Failure to Ensure That Foster Care Permanency Hearings Are Performed Within Required Timeframes” and will not be included in the reported questioned costs for this finding to avoid reporting the same questioned costs twice.

In discussing these conditions with DCFS officials, they state the two situations may be attributed in part to one or more procedural and court-related issues with which the Department has taken steps to work with the Illinois Courts to ensure required language is used and that hearings are held within required timeframes.

Response: The Department agrees and will review procedures for obtaining and retaining documents pertaining to judicial determinations. Changes will be made, if necessary, to ensure determinations are made within the required timelines and that required language is included in agreements. The Department will make the appropriate claiming adjustments for actual amounts included in claims relating to the beneficiary payments questioned by the auditor.

Updated Response: Partially Implemented. An adjustment is being made on the December 2007 claim for the beneficiary payment costs questioned by the auditor.

06-31. The auditors recommend DCFS implement procedures to monitor whether permanency hearings have been performed for all beneficiaries within federally prescribed timeframes. Such procedures should include identifying children who are not eligible for assistance under the Foster Care program as a result of permanency hearings not being performed within required timeframes. (Repeated-2002)

Findings: DCFS did not ensure that foster care permanency hearings were performed within the federally required timeframes.

DCFS is required to prepare a “permanency plan” for each child in the Foster Care program which includes goals for placement of the child in a permanent living arrangement. This plan must also include the services that DCFS expects to perform to achieve these goals. Currently, each child’s permanency plan is reviewed on a periodic basis at a permanency hearing which serves as the judicial determination that reasonable efforts to finalize the permanency plan have been made.

During test work over 50 case files of the Foster Care program, the auditors noted the following exceptions:

- In three cases, permanency hearings were not performed within the required timeframe. The delays in performing the permanency hearings for these cases ranged from 45 days to 486 days after the required timeframe, rendering these beneficiaries ineligible until the permanency hearing was held. DCFS claimed reimbursement for foster care maintenance payments made on the behalf of these children during the “period of ineligibility” totaling \$7,408.
- In two cases, DCFS could not provide the necessary documentation to substantiate that the permanency hearing was performed. Based on our review of the legal history in the eligibility information system (CYSIS), it appears that the required permanency hearings for these two children were performed within the federally required timeframes. DCFS claimed reimbursement for foster care maintenance payments made on the behalf of these children totaling \$1,049 during the year ended June 30, 2006.

Additionally, DCFS does not have an adequate process in place to ensure permanency hearings are completed within required timeframes for all beneficiaries or to identify beneficiaries for whom permanency hearings have not been conducted.

In discussing these conditions with DCFS officials, they state the delays being experienced, as indicated in the sample, may be attributed in part to one or more court-related issues with which the Department has taken steps to work with the Illinois Courts to ensure required language is used. The origin of these delays was a result of a federal requirement for specific language for permanency hearings, which required further clarification by the federal Administration for Children and Families, and resulted in confusion as to the timeframe specifics of those requirements.

Response: The Department agrees and has developed and implemented a procedure for identifying and notifying foster and adoptive caretakers of hearings and reviews for permanency hearings. The Department will continue to work with Illinois Court system to ensure permanency hearings meet the federal requirements.

The Department will make the appropriate claiming adjustments for actual amounts included in claims relating to the beneficiary payments questioned by the auditor.

The federal Administration for Children and Families Children's Bureau monitors State child welfare systems through the Child and Family Services Review (CFSR) process. CFSR's are designed to ensure that State child welfare agency practices are in conformity with Federal child welfare requirements and to assist States to enhance their capacity to help children and families achieve positive outcomes. The CFSR process includes the submission of a Statewide Assessment as well as participation in an onsite review of outcomes and program systems. In August 2004, staff from the Central and Regional Offices of the Administration for Children and Families (ACF) and the Illinois Department of Children and Family Services (DCFS) conducted an eligibility review of the Illinois title IV-E foster care program. The review identified only four error cases and two ineligible payment cases. Therefore, because less than five cases were in error, ACF determined that the Illinois title IV-E foster care maintenance program was in substantial compliance with the Federal child and provider eligibility requirements for the period under review. Because Illinois was found to be in substantial compliance, a secondary review was not required. The next primary review will be held in July 2008 or later.

Updated Response: Partially Implemented. An adjustment is being made on the December 2007 claim for the beneficiary payment costs questioned by the auditor.

06-32. The auditors recommend DCFS review its procedures for retaining and documenting how beneficiaries have met eligibility requirements and implement changes necessary to ensure judicial determinations, birth certificates, and adequate documentation of special needs exists for all children for whom adoption subsidy payments and nonrecurring expenditures are claimed. (Repeated-2005)

Findings: DCFS could not locate case file documentation supporting eligibility determinations for beneficiaries of the Adoption Assistance Program.

The Adoption Assistance Program provides funds to states to support the payment of subsidies and non-recurring expenses on behalf of eligible children with special needs and include a determination that the child cannot or should not be returned to the home of his/her parents, as well as documentation of the child's specific factor(s) or condition(s) (such as ethnic background, age, sibling group, or handicap) that precludes the child's placement for adoption without assistance benefits.

During test work of Adoption Assistance beneficiary payments, the auditors reviewed 50 case files for compliance with eligibility requirements and allowability of related benefits, and noted the following exceptions:

- In five cases, DCFS could not locate the initial judicial determination effecting that the child's continuation in the residence would be contrary to the welfare of the

child, or that placement would be in the best interest of the child. DCFS claimed reimbursement for adoption assistance benefits made on behalf of these children totaling \$18,110 during the year ended June 30, 2006.

- In three cases, DCFS could not locate the child's birth certificate evidencing the child met the age requirements of the program. DCFS claimed adoption assistance payments on behalf of these children totaling \$9,446 during the year ended June 30, 2006.
- In seven cases, DCFS could not locate the petition to terminate, order to terminate, or surrender of parental rights, evidencing that the child could not or should not be returned to the home of his/her parents. DCFS claimed adoption assistance payments on behalf of these children totaling \$25,864 during the year ended June 30, 2006. Included in this amount is \$8,464 pertaining to two cases which are also reported in the first bullet.
- In one case, DCFS could not locate the "Child Summary" document, which documents the special needs factors that were met as a condition of the eligibility determination. DCFS claimed adoption assistance payments on behalf of this child totaling \$419 during the year ended June 30, 2006.

In discussing these conditions with DCFS officials, they state the documents requested were received a number of years ago and the documents were thought to have been filed with in the original foster care case files and put into archives. When those files were retrieved, the documents were not included and apparently had been misplaced.

Response: The Department agrees and will review procedures for obtaining and retaining the agreements. Changes will be made, if necessary, to ensure judicial determination, copies of birth certificates, orders to terminate/surrender parental rights, and other adoption assistance documents are retained for all children. If, after further investigation by the Department, and if obtaining replacement documents, i.e. replacement copies of birth certificates, the issues cited remain, the Department will make the appropriate claiming adjustments for actual amounts included in claims relating to the beneficiary payments questioned by the auditor.

Updated Response: Partially Implemented. An adjustment is being made on the December 2007 claim for the beneficiary payment costs questioned by the auditor.

06-33. The auditors recommend DCFS review its procedures for documenting and executing adoption agreements and implement changes necessary to ensure adoption assistance agreements contain the required elements and are properly executed for all children for whom adoption subsidy payments and nonrecurring expenditures are claimed.

Findings: DCFS made recurring and nonrecurring payments of adoption assistance benefits that were not properly supported by adoption assistance agreements. The adoption assistance agreement specifies the nature and amount of monthly assistance to be given to parents, as well as the nonrecurring expenses that will be reimbursed. The agreement must be executed prior to the finalization of the adoption.

During test work of adoption assistance beneficiary payments, the auditors reviewed 50 case files for compliance with eligibility requirements and allowability of related benefits, and noted the following exceptions:

- In two cases, the amount of the payment made on behalf of the children was in excess of the amount specified in the executed adoption assistance agreement. The excess amount claimed for reimbursement during the year ended June 30, 2006 was \$1,749.
- In one case, DCFS claimed reimbursement for subsidy payments made on behalf of a child for whom a subsidy amount was not specified in the executed adoption assistance agreement. DCFS claimed adoption assistance subsidy payments on behalf of this child totaling \$2,669 during the year ended June 30, 2006.
- In one case, DCFS claimed reimbursement for nonrecurring adoption expenses of \$419 on behalf of a child for whom an adoption agreement had not been executed.
- In two cases, the adoption assistance agreement was not signed by both parents to whom the adoption was granted. In one of these two cases, the subsidy payment was made to the parent who did not sign the agreement. DCFS claimed adoption assistance subsidy payments on behalf of these children totaling \$5,338 during the year ended June 30, 2006.

The amounts reported in the second, third, and fourth bullets above, are also included as questioned costs related to Finding 06-33, "Missing Documentation in Eligibility Files" and will not be included in the reported questioned costs for this finding to avoid reporting the same questioned costs twice.

In discussing these conditions with DCFS staff, they stated the amounts for two reported errors appear to be data entry errors or were entered some years ago based on agreements that cannot be located and the others appear to be based on incomplete documents.

Response: DCFS agrees and will be conducting a review of its procedures for entering adoption agreement amounts and a review of the selected cases to determine if the documents being entered are identical to the adoption agreement amounts. DCFS will investigate the circumstances around each reported error and, if no additional information is located, make the appropriate claiming adjustments in claims relating to the beneficiary payments questioned by the auditor.

Updated Response: Partially Implemented. An adjustment is being made on the December 2007 claim for the unduplicated beneficiary payment costs questioned by the auditor.

06-34. The auditors recommend DCFS implement procedures to ensure:

- **Desk reviews are performed on a timely basis for OMB Circular A-133 reports including review of reports, follow up on subrecipient findings and implementation of corrective action plans, receipt and review of applicable management letters, and documentation of such review.**
- **On-Site fiscal and administrative reviews include procedures over all compliance requirements that are considered direct and material to the Foster Care program.**
- **Certifications are collected from all subrecipients, regardless of the amount of DCFS funding, to determine whether the \$500,000 threshold is met taking into account all sources of federal funding and submission of an OMB Circular A-133 report is required.**

Additionally, we recommend DCFS evaluate the current staffing of the fiscal monitoring department to ensure resources are adequate. DCFS should formally document its policy relating to the frequency of on-site monitoring for federal programs. (Repeated-1999)

Findings: DCFS is not adequately performing fiscal monitoring procedures for subrecipients who receive awards under the TANF, Foster Care, Adoption Assistance, and Social Services Block Grant programs.

In a sample of 50 subrecipient monitoring files out of a total of 389 subrecipients (totaling \$103,212,429 of \$133,592,839 in total subrecipient expenditures), the auditors noted the following:

- For six subrecipients, there was no evidence of follow-up to noted A-133 audit findings pertaining to DCFS programs. In each of these six instances, auditors noted DCFS issued a “no findings” letter indicating that no further action was required when a corrective action plan should have been procured. As such, it does not appear that DCFS is issuing management decisions on audit findings within six months of completing the desk review.
- For one subrecipient that received less than \$500,000 in federal funds, DCFS did not receive an OMB Circular A-133 audit report and did not perform procedures to determine whether an audit was required to be performed. Although the funding passed through by DCFS did not exceed \$500,000, this subrecipient may have received federal assistance from other organizations that collectively would have exceeded the \$500,000 threshold required for subrecipients to have an OMB Circular A-133 audit.

Additionally, DCFS is not adequately performing on-site monitoring visits to review internal controls or the fiscal and administrative capabilities of its subrecipients. Of the 50 subrecipients selected for testwork, on-site fiscal and administrative monitoring procedures have never been performed for 27 of the subrecipients. Auditors also noted fiscal and administrative monitoring procedures did not adequately address all direct and material compliance requirements and were only performed for 18 of the 389 total subrecipients of the TANF, Foster Care, Adoption Assistance, and Block Grant programs during FY06.

In discussing these conditions with DCFS officials, they stated that the Department has a number of monitoring units and programs in place and that all A-133 reports reviewed by the Field Audit unit have a corrective action plan; however, a process for issuing formal management decisions has not been in place. The one subrecipient report identified for this finding that was not reviewed, was not required to file an audit report nor an A-133 report since total expenditures for the year were less than the Department's \$150,000 threshold and was verified through a Uniform Cost Report submitted by the provider.

Response: DCFS accepts the finding and increased the staff in the field audit unit by five beginning in April 2004. As positions become vacant, the positions are reviewed and replacements are sought. It has been the policy, however, for DCFS to rely on agency-contracted auditors for these annual reviews. DCFS' Administrative Rules require all subrecipient providers receiving more than \$150,000 in funding during a fiscal year to undergo and submit an audit report to DCFS. In addition, those subrecipients receiving \$500,000 or more in federal dollars from all sources are required to submit their A-133 audit report to DCFS. Subrecipients selected for Office of Field Audits field visits are generated from the desk reviews completed in the prior year that have notable negative issues. In addition, the Office of Field Audits has streamlined the desk review process and implemented procedures to insure communications with the Provider Agencies within a 30-day timeframe.

The Office of Field Audits is developing a set of written instructions for implementing a management decision memo procedure, whereby during the desk review process, the Unit looks at the findings in the audit report and will refer programmatic findings to the appropriate program monitoring units. Each monitoring unit that is responsible for following up on the findings will then submit to the Field Audit Unit a management decision. The Office will then compile the memos into one document to be sent to the Agency and filed in the desk review file. This will enable the requirement of the management decision memo to be met for the next desk review season.

The DCFS Office of Quality Assurance (OQA) is responsible for supporting and overseeing the implementation of OQA and Continuous Quality Improvement for DCFS and is comprised of three primary units, each charged with monitoring agency practice towards ensuring the delivery of quality child welfare services. These three units are the Field Review unit, Regional Quality Improvement and Accreditation Unit, and Aristotle Consent Decree and Special Projects Unit. As part of their on-site review/field audit process, the auditors meet with the programmatic monitors and the licensing representatives to discuss

and share any potential problems at the subrecipients prior to beginning the audit to aid in determining overall risk and aid in the assignment of resources.

In addition, the federal Administration for Children and Families Children's Bureau monitors State child welfare systems through the Child and Family Services Review (CFSR) process, as discussed in finding 06-34. The CFSRs are designed to ensure that State child welfare agency practices are in conformity with federal child welfare requirements and to assist States to enhance their capacity to help children and families achieve positive outcomes.

Updated Response: Implemented.

06-35. The auditors recommend DCFS implement procedures to ensure administrative case reviews are performed within federally prescribed timeframes. (Repeated-2005)

Findings: DCFS did not ensure that administrative case reviews were performed within the federally required timeframes, which is at least once every six months.

During test work over 50 case files of the Foster Care program, the auditors noted administrative case reviews were not performed within the required timeframe for three of the beneficiaries tested. The delays in performing the administrative case reviews for these cases ranged between five and 175 days after the required six-month timeframe. Additionally, DCFS does not have an adequate process in place to ensure administrative case reviews are conducted within required timeframes for all beneficiaries.

In discussing these conditions with DCFS officials, they stated that staff illness postponed one review five days; and, the scheduling of two reviews was missed due to system changes. The error was identified and those two reviews were completed in September 2006.

Updated Response: Implemented.

06-36. The auditors recommend DCFS implement procedures to ensure recertification forms are received in accordance with the State's established process and maintained in the eligibility files for children receiving recurring adoption assistance benefits.

Findings: DCFS did not ensure that adoption assistance recertifications were performed on a timely basis for children receiving recurring adoption assistance benefits.

During review of the eligibility for 50 beneficiaries receiving recurring subsidy payments under the adoption assistance program, the auditors noted 21 instances in which DCFS could not locate a recertification form submitted by the adoptive parent within the most

recent two-year period. Upon further review of the recertification history in the eligibility information system (CYSIS), it appears that five of the 21 cases had a recertification performed within the last two years.

In discussing these conditions with DCFS officials, they stated the process is required per agreement with the Illinois Department of Healthcare and Family Services for the annual issuance of the medical card. The federal guidelines only require that DCFS perform periodic reviews to assure the family circumstances have not changed.

Response: The Department agrees that its recertification procedures need to be a complete and accurate process of determining any changing needs and/or circumstances within an adoptive family. We will continue efforts already begun for improving and streamlining the recertification process and implement new systems and identify additional staff resources, as they become available.

06-37. The auditors recommend DCFS stress the importance of preparing and completing the initial service plans timely to all caseworkers to comply with federal requirements. (Repeated-1999)

Findings: DCFS did not prepare initial case plans on a timely basis for Child Welfare Services beneficiaries. During a review of 50 case files selected for test work, the auditors noted 20 of the initial case plans were completed within a range of six to 237 days over the 60-day federal requirement.

In discussing these conditions with DCFS officials, they state timely preparation of case plans is always a concern. Unfortunately, due to staff reductions, placement changes, and coordination with other procedures and agencies, there are times when case plans are not prepared within the established timeframes.

Response: The Department agrees and continues to stress the importance of adequate and timely documentation for child case files. Based on the fundamentals of good social work practice, requirements of the Council of Accreditation, and Federal Review Outcomes, Illinois has recently implemented an Integrated Assessment program that includes preparation of a comprehensive service plan where one cannot be completed without the other. The service plan will be part of an integrated system that will automate preparation of the plan and other required documentation. We continue to stress the importance of adequate and timely case planning as a key component of providing quality service to children.

Updated Response: Implemented.