

# LEGISLATIVE AUDIT COMMISSION



Review of  
Department of Children and Family Services  
Two Years Ended June 30, 2014

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**REVIEW: 4440**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2014**

**FINDINGS/RECOMMENDATIONS - 17**

**ACCEPTED - 5**  
**ACCEPTED AND PARTIALLY IMPLEMENTED - 9**  
**IMPLEMENTED - 3**

**REPEATED RECOMMENDATIONS - 13**  
**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 16**

This review summarizes the reports of the Department of Children and Family Services (DCFS) filed with the Legislative Audit Commission on April 2, 2015. The auditors performed a financial audit for the year ended June 30, 2014 and compliance examination for the two years ended June 30, 2014 in accordance with State law and *Government Auditing Standards*. The auditors stated the financial statements were fairly presented.

The Department of Children and Family Services is mandated to provide protective and preventive services to children and their families. The Department responds to this charge by protecting 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. There are five Department service delivery programs designed to achieve client goals: Protective Services, Family Maintenance, Family Reunification and Substitute Care, Adoption and Guardianship, and Support Services.

Mr. Richard Calica was Director of DCFS during the first 16 months of the audit period. He had served in the capacity of Director since November 2011 and resigned in November 2013 shortly before his death. Denise Gonzales, Arthur Bishop, Bobbie Gregg, and Dr. Cynthia Tate each served briefly as Director or Acting Director until George H. Sheldon was appointed Acting Director in February 2015.

According to the Department's website, DCFS is organized into six regions: Central, Southern, Northern, Cook Central, Cook North, and Cook South. The Department has 57 field and regional offices. The number of employees was: 2014 – 2,630; 2013 – 2,736 and 2012 – 2,867. See Appendix A for the average number of employees.

Unaudited data regarding the number of abuse and neglect reports and investigations and the services provided to children and families by DCFS are found in Appendix B. In FY14, the 24-Hour Hotline received 231,536 calls. The Department placed 1,819 children through adoption and subsidized guardianships in FY14. There were 13,068 children in foster care or relative care in FY14.

### **Expenditures From Appropriations**

The General Assembly appropriated \$1,181,690,700 to DCFS in FY14. The total appropriation came from five different funds, and almost \$696 million, or 58.9%, was from the General Revenue Fund. Total expenditures were \$1,129,142,449 in FY14 compared to \$1,136,646,400 in FY13, a decrease of about \$7.5 million, or 0.6%. Appendix C summarizes the total appropriations and expenditures by fund for FY14, FY13, and FY12. Lapse period spending totaled \$111.3 million, or 9.8%, in FY14. Lapse period spending is primarily due to the nature and timing of billing. Total expenditures of federal awards were about \$398.7 million in FY14 and \$396.2 million in FY13 compared to \$410.8 million in FY12.

Appendix D is a schedule of expenditures by division and grants for FY14 and FY13. This information was presented in the FY15 and FY14 Budget Books.

### **Cash Receipts**

Appendix E summarizes cash receipts for the period under review. Cash receipts were \$376 million in FY14 compared to \$367 million in FY13. The increase in receipts was due to an increase in funds from the federal government in the DCFS Children's Services Fund and the Federal Projects Fund.

### **Property and Equipment**

Appendix F summarizes the property and equipment for which the Department was accountable. The beginning balance as of July 1, 2012 was \$27,297,977 compared to \$26,050,344 as of June 30, 2014. The schedule in the audit report was prepared from Department records and reconciled to property reports submitted to the State Comptroller.

### **Accounts Receivable**

Appendix G summarizes the Department's accounts receivable. 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 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 children. Combined accounts receivable, net, with an allowance for uncollectibles, totaled \$1,170,000 in FY14.

### **Accountants' Findings and Recommendations**

Condensed below are the 17 findings and recommendations, 13 repeated, included in the reports. The following recommendations are classified on the basis of updated information

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provided by Ray Piiparinen, DCFS Audit Coordination, via electronic mail received June 9, 2015.

**Accepted or Implemented**

- 1. Continue efforts to implement internal control procedures to assess the risk of material misstatements of financial statements and to identify such misstatements during the financial statement preparation process. In addition, ensure that personnel responsible for preparing the Department's financial statements receive adequate training and guidance to ensure accurate and complete financial statements are prepared. (Repeated-2008)**

**Finding:** The Department did not have adequate review procedures in place to ensure the financial statement information was accurately prepared.

Auditors identified instances in which beginning of year balances were not correct, which required adjustments totaling a net amount of \$4.058 million, to properly reflect the FY14 income and expense. After the Department was made aware of these errors, the Department appropriately communicated the differences to the Office of the State Comptroller and also ensured that the FY14 financial statements were adjusted to report correct beginning of year balances.

To improve its financial reporting process, the Department had contracted with an outside accounting firm to prepare its GAAP fund packages for FY13 and FY14. However, the Department still has the responsibility to review the work performed by its contractor. The Department personnel stated that the errors identified above were an oversight.

**Updated Response:** Accepted and Partially Implemented. The Department has made improvements in this area with specific actions taken to enlist the services of a qualified CPA firm to assist with the preparation of reports and is in the process of hiring a resource into the GAAP coordinator role to replace a retirement and, the Department is continuing in our efforts to implement additional internal control and review procedures.

- 2. Continue efforts to develop ways to automate various recordkeeping functions and follow the procedures established concerning the welfare of children. Also, document the fulfillment of those procedures. (Repeated-1998)**

**Finding:** The Department's Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely.

During a review of 50 case files, auditors noted the following deficiencies:

- 8 Family Assessment Factor Worksheets were not maintained in the case file or the Department's automated case information.

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### Accepted or Implemented – continued

- 11 Medical and Dental Consent Forms were not completed and/or were outdated.
- 22 Initial Placement Checklists were not completed.
- 15 required Permanency Planning checklists were not completed and maintained in the case files.
- 3 Placement and Payment Authorization Forms were not maintained in the case files.
- 20 children's pictures were not maintained in the case files.
- 27 children's fingerprints: there was not record within automated case information system nor the case file indicating the date the fingerprints were obtained.
- 44 Child Identification Forms were not maintained in the case files.

**Response:** Accepted. The Department will continue to stress the importance of adequate and timely documentation for those cases identified in the auditors' finding as well as for all child and family cases. The Department will also strive to continually update written procedures as changes and requirements in case practices are identified, approved and adopted. Communications to caseworkers and supervisors take place through announcement on the Department's intranet and email, through notes to automated case recordkeeping releases, trainings, and written Policy, Procedure, and Administrative Procedures. All Policy, Procedure and Administrative Procedures are available through the Department's intranet and web site.

The requirement for photos and fingerprints is for the purpose of notifying law enforcement with a recent photo, and for fingerprints to identify a deceased child. The Department had maintained the photos and fingerprints for children at all times; some were maintained in the paper record, some were in the SACWIS electronic file, and some were in both. At all times, the Department was able to produce the records if needed in support of why we keep them for identification purposes.

To address the deficiencies in the areas of Medical & Dental Consent forms, Family Assessment Factor Worksheets, Initial Placement Checklists, Permanency Planning Checklists, Placement & Payment Authorization Forms, the Department initiated a detailed review of the noted deficiencies. Once the cases were reviewed, a plan was put into place to obtain or complete the required documentation. Also, the Department has implemented quality assurance reviews in each region to see if all required documents get into case files. Regional managers have been given the responsibility to implement monitoring/review processes that will ensure that documents in case files are current. The status of this

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monitoring process is discussed in weekly meetings with Regional Administrators and quarterly meetings with all supervisors/managers.

To address the issuance of notices regarding administrative case review hearings, the Department is reviewing the detail and identifying circumstances surrounding the timing. As the review progresses any changes to rule, procedure, or practice that may be needed will be initiated.

**Updated Response:** Accepted and Partially Implemented. The Department 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 and requirements in case practices are identified, approved and adopted. The Department continually reviews its administrative and internal procedures (AP#5) and policy guides, as systems are upgraded, to better define the contents of system files and paper files and which should be relied upon as the file of record. While we have not started the necessary revisions to AP# 5, the plan is to address this once we push past implementation of Fictive Kin training and changes to Procedure 315, regarding Assessment and Service Planning. Communications to caseworkers and supervisors take place through announcement on the Department's intranet and email, through notes to automated case recordkeeping releases, trainings, and written Policy, Procedure, and Administrative Procedures. All Policy, Procedure and Administrative Procedure are available through the Department's intranet and web site.

**3. Determine reports of child abuse or neglect in compliance with the time frame mandated by the Abused and Neglected Child Reporting Act. (Repeated-1998)**

**Finding:** The Department did not make timely determinations, in 1,846 of the 67,705 (2.73%) and in 2,386 of the 66,918 (3.57%) reports of child abuse and neglect referred to the Department during FY14 and FY13, respectively, of whether the reports were "indicated" or "unfounded" as required by the Abused and Neglected Child Reporting Act.

Fiscal Year	Total Reports Requiring Determinations	Determinations Not In Compliance	Percentage of Determinations Not in Compliance
2014	67,705	1,846	2.73%
2013	66,918	2,386	3.57%
2012	65,499	884	1.35%
2011	63,023	115	0.18%
2010	67,051	68	0.10%
2009	68,716	229	0.33%

The Department stated that it recognizes the importance of making timely determinations in child abuse and neglect reports. However, it also recognizes the importance of completing a

**Accepted or Implemented – continued**

thorough investigation and working in conjunction with law enforcement agencies who may have concurrent investigations. Many reports go beyond the 60 day timeframe due to criminal or coroner investigations; their procedures require child abuse & neglect reports to remain in undetermined status until those agencies finalize their investigations. In addition, Department officials stated that the increase in noncompliance for FY13 and FY14 was due to staffing issues in several areas of the State; staffing issues at the Department’s State Central Register which delayed timely processing of criminal background checks (LEADS); implementation of a mandatory 20 day review period for reports involving DCFS wards to allow Guardian Ad Litem sufficient time to review investigations recommended as unfounded prior to completion of reports; and, that the Department set higher standards to ensure thorough investigations on reports involving young children or serious harm to include gathering of family history, medical records and mental health records.

**Updated Response:** Accepted and Partially Implemented. The Division of Child Protection is currently monitoring timely determination rates weekly at the Regional and Area Administrator level. Corrective action is taken at the worker and team level when an investigation is not completed in a timely manner. Additional training is being provided for teams with high numbers of reports determined past 60 days. We also continue to hire and train additional investigative staff as needed to ensure our effort to help reduce delays and meet our 100% compliance timeframe. As of 5/25/15, we have 213 reports completed past the final finding due date without an approved extension. Only 126 reports have been completed at day 61-62, compared to 792 in the previous fiscal year so efforts to improve timely approvals by supervisors has improved our compliance rate overall. Many reports still take in excess of 90 days to make a final finding determination, but they are reviewed closely and appropriately extended until a final finding is completed.

**4. Continue to strive to initiate investigations of all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Abused and Neglected Child Reporting Act. (Repeated-1998)**

**Finding:** The Department did not timely initiate an investigation for 179 of the 67,720 (0.26%) reports of child abuse and neglect in FY14, and for 147 of the 66,891 (0.22%) of child abuse and neglect in FY13.

Fiscal Year	Total Investigations	Investigations Not In Compliance	Percentage of Investigations Not in Compliance
2014	67,720	179	0.26%
2013	66,891	147	0.22%
2012	65,963	274	0.42%
2011	63,011	116	0.18%
2010	67,377	97	0.14%

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According to Department personnel, noncompliance occurs when staff records the wrong initiation time and date (a data entry error of the initiation date and time), there is a computer system malfunction, or through worker performance errors.

**Updated Response:** Accepted and Partially Implemented. The Division of Child Protection is currently monitoring reports of missed 24 hour mandates weekly and correcting any entry errors identified. For all investigations where the 24 hour mandate was missed, the RA develops a summary of circumstances and consults with the Office of Employee Services for appropriate corrective/disciplinary action.

Reorganization at DCFS in FY2013 led to increased child protection staff and a reduction in caseload sizes. This response contributed to the significant decrease in missed 24 hour mandates during FY2013 and FY2014, as noted in the finding. The Department remains focused on ensuring child protection caseloads remain at a manageable level. Vacancies are filled quickly based on monthly reviews of workload volume to ensure adequate staff. Data entry/computer errors and individual worker performance errors contribute to the remaining non-compliance reports. Efforts are taken to correct data errors and to address performance issues as they occur. Training on 24 hour mandates and documentation practices are being arranged for teams with high missed mandate rates. As of 5/25/15, we have 58,532 total investigations with 112 investigations with a 24 hour missed mandate, for a non-compliance rate of .019%. These efforts have resulted in reducing the number of missed 24 hour mandates from the highs that occurred in FY2012.

### **5. Continue efforts to ensure child death reviews are conducted within the time period established by the Act. (Repeated-2008)**

**Finding:** The Department's child death review teams did not complete required reviews of child deaths in accordance with timeframes established by the Child Death Review Team Act. The Department's child death review teams are mandated to conduct reviews of every child death for the following deceased children:

- a ward of the Department,
- the subject of an open service case maintained by the Department,
- a child who was the subject of an abuse or neglect investigation at any time during the 12 months preceding the child's death, and
- any other child whose death is reported to the State central register as a result of alleged child abuse or neglect which report is subsequently indicated.

In addition, the Children's Advocacy Center Act provides that the child death review teams may at their discretion review other sudden, unexpected, or unexplained child deaths, and cases of serious or fatal injuries to a child identified under this Act.

During the audit period, the Department's quality assurance division indicated the child death review teams received death certificates for 195 mandated and 6 discretionary cases for FY13 and 114 mandated and 2 discretionary cases for FY14.

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### Accepted or Implemented – continued

Auditors noted the following with respect to the information recorded within the database developed by the Department to facilitate its coordination and monitoring of the child death review team activities:

- For mandated cases in which the review was complete and a date the investigation was closed was provided:
  - 80 of 118 (68%) reviews for FY13 were not conducted within 90 days from the close of the investigation, but were conducted 182 days from that date.
  - 27 of 113 (24%) reviews for FY14 were not conducted within 90 days from the close of the investigation, but were conducted 172 days from that date.
- For mandated cases in which the review was completed and there was not a date for investigation being closed (the date the letter informing the review team of the case was used as the date the teams obtained information necessary to complete the review):
  - 23 of 42 (55%) reviews for FY13 were not conducted within 90 days from the date the letter was sent to the team. On average these reviews were conducted 165 days from that date.
  - 10 of 36 (28%) reviews for FY14 were not conducted within 90 days from the date the letter was sent to the team. On average, these reviews were conducted 165 days from that date.

Department personnel stated that due to the volume of cases received, not all were reviewed in the prescribed time requirements. Procedures have been changed to make Child Death Review Teams aware of the time limits and additional meetings were scheduled to try to meet the 90 day time frame.

**Response:** Accepted. The Department agrees and it is continuing with its plan to improve compliance with the Act. Previously, the Child Death Review Team (CDRT) Unit received child death information from the Illinois Department of Public Health (IDPH) via a disk, once a month. The disk contained child death information for the previous month. The disk was then reformatted so that we could use the information and then the information was manually entered into the database. The CDRT Unit in Springfield employed 1 full time and 1 part time employee to perform this duty. Every child death must be screened to determine if the death meets the criteria per the statute to be reviewed by a CDR Team. When a case was ready to be reviewed, the case would be sent to the DCFS Liaison to invite staff to the meeting. The cases that were sent were not prioritized to be reviewed by the 90 day deadline, but were picked randomly. This process contributed to the Child Death Review Teams' inability to review child death cases within the 90 day time frame.

Beginning in September 2013 process changes began to result in improvements. Child death information from IDPH is now imported into the database therefore no longer requiring that the information be entered manually. The Department is current on entering deaths received from the Illinois Department of Public Health and current on SACWIS checks. Each death reported must have a SACWIS check completed which requires staff to review each one to determine if it meets the CDRT mandate for review and pick discretionary cases. In

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addition, child death cases are now sent to the DCFS Liaison with a specific date by which the case must be reviewed. The Child Death Review Teams meet even if there is only one case to review to meet the 90 day deadline. Recently, there have been fewer cases that meet the statutory mandate for review by the Child Death Review Teams which should result in an improvement with meeting the mandate. These changes should have a significant impact on our ability to meet the 90 day deadline.

**Updated Response:** Accepted and Partially Implemented. As noted in response to the 2012 audit, the Department of Children and Family Services finalized and implemented a database that automatically imports child death information from the Illinois Department of Public Health.

In addition, the 90 day Child Death Review system was implemented; this is a system to prioritize the review of child death cases. Under the new system, the DCFS Liaison is sent a list of child death cases with the specific date by which the case must be reviewed to meet the 90 day statutory timeframe. This allows the DCFS Liaison to prioritize the scheduling of the review of child death cases for each Child Death Review Team Meeting. This system has proven to be effective, resulting in a rate of 99% compliance with the statutory timeframe.

### **6. Comply with the State Services Assurance Act for FY08 or, alternatively, if determined that bilingual staffing level is not representative of its needs, seek a legislative remedy. (Repeated-2010)**

The 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.

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. However, the Department's number of bilingual staff on March 31, 2014 was 142.

Department officials stated that the number of children in care has dramatically decreased over the years, which has resulted in a reduction in the total number of Department staff as well as staff needed to manage caseloads. In addition, Department officials stated that turnover and budget constraints have made it difficult to increase bilingual staff.

**Updated Response:** Accepted and Partially Implemented. The Burgos Consent Decree of 1977, a federal mandate, requires the Department of Children and Family Services to provide services in Spanish to Spanish speakers and those requesting services in Spanish. The Consent Decree legally covers only the Cook and Aurora regions but its principles are applied statewide. The Burgos Consent Decree requires that DCFS and all of its vendors comply in providing services in Spanish to Spanish speakers. The Decree

**Accepted or Implemented – continued**

requires that all direct service staff as well as their supervisors take their Burgos training annually. It requires that DCFS offices that service Spanish-speaking families be staffed with Spanish speaking direct service workers. The Burgos Coordinator under the Office of Affirmative Action is charged with implementing the policies and procedures that addresses providing services to Spanish Speaking children and families. Moreover, Latino Services under the Office of Affirmative Action assists in the development of strategies for recruitment of Spanish bilingual employees provides oversight in retention and recruitment of Hispanic/bilingual applicants for positions in DCFS, thru various external community collaborations.

During the past year, the Department corrected the major reason why there was an under count in the number of Hispanic children and families in DCFS. The data collection system was not mandatory to indicate Hispanic children and families and gave the impression that the Hispanic numbers had not increased in past years. The mandatory changes made to the data collection system, requires workers to complete these data fields on being Hispanic, yes or no, language and ethnicity. As a result the Hispanic numbers will gradually increase as the numbers are more accurately documented over time.

The Burgos Coordinator monitors compliance with the Burgos Consent Decree which requires DCFS to provide services in Spanish to Spanish Speaking clients or clients requesting services in Spanish. On August 31, 2009, the number of Hispanic/Spanish Speaking children in placement was 1,209; however, as of February 28, 2015, the number of Hispanic/Spanish Speaking children in placement increased to 1,325. Data as of August 31, 2009, indicated 632 Hispanic/Spanish Speaking families. As of February 28, 2015, Hispanic/Spanish Speaking Intact families grew to 1,007. Better reporting and changes to the DCFS SACWIS system lead to the increases. The Latino community has also seen increases in the population whereas the population has increased in many counties throughout the state from 6% to 31% requiring the need for more bilingual Spanish Speaking investigators.

In April, 2014, the DCFS Director reauthorized the Chief of Latino Services to recruit Hispanic/bilingual staff for the Department to hire bilingual staff to meet the growing needs of the Latino community. Since then the Department has aggressively recruited bilingual staff. There have been at least 26 frontline bilingual workers hired since April, 2014. This is the biggest increase in bilingual staff hiring ever in DCFS. Partnerships are being created with Universities with large Hispanic student populations to insert the DCFS required trainings in their curriculum to create a pipeline to being hired by DCFS when they graduate. The Burgos Internal Taskforce Committee has been working on the bilingual worker crisis and has been not only advocating for more hiring of bilingual staff, but also working on retention, which is also a major problem within DCFS.

The Department has made greater efforts this past year to meet this mandate and will continue to do so, while addressing the needs of all the clients it serves and will continue to

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fill as many bilingual positions as possible considering current budget restrictions, intake caseloads, and number of non-English clients served. As of 5/22/2015 the Department has 38 bilingual vacancies that need to be filled. Steps will be made to have the Department address the current vacancies and when they will be filled.

- 7. Ensure audits of all major systems of internal accounting and administrative control are conducted at least once every two years as required by statute, and ensure reviews of new system developments and major modifications to existing systems are performed.**

**Finding:** The Department did not fully comply with the Fiscal Control and Internal Auditing Act.

The Department's Office of Internal Audits (OIA) did not complete audits of all the Department's major systems of internal accounting and administrative control at least once during the two fiscal years of the compliance examination. Based on the internal audits completed during FY13 and FY14, auditors determined there was no internal audit coverage in the areas of revenues, receivables and cash. There was also inadequate coverage in the areas of personnel and payroll; property, equipment and inventories; locally held funds; and electronic data processing.

The OIA also did not perform reviews of new electronic data processing systems or major modifications of existing systems before their installation for the Statewide Automated Child Welfare Information System (SACWIS) 5.0 Release and Day Care System Rewrite.

The following table illustrates the OIA efforts during the examination period compared to the internal audit plans for the respective fiscal years.

	Fiscal Year 2013		Fiscal Year 2014	
	Number	%	Number	%
Audits completed	4	24%	6	40%
Audits postponed	6	35%	4	27%
Audits canceled	5	29%	1	6%
Other activities completed	2	12%	4	27%
Total audits planned	17	100%	15	100%

As shown in the table above, the Department postponed or canceled 16 of the 32 (50%) planned audits during FY13 and FY14 combined. Examples of audits postponed or canceled include regional and field offices, child care institutes and group homes, SACWIS and day care systems updates, and subrecipient and quarterly contract monitoring.

Department officials stated that audit fieldwork was completed for most of the major systems prior to fiscal year end; however, staff shortages and the setting of priorities did not allow all audit reports to be issued within the required timeframe, and attempts to recruit qualified internal auditors have not been successful.

**Accepted or Implemented – continued**

**Updated Response:** Accepted. The Office of Internal Audit completed interviews in May 2015 for the In-Charge auditor and upon review of results with senior management hopes to fill the PSA2 vacancy by July 2015, which should allow us the staff to meet FCIAA requirements in FY16. Internal communications are also underway to fund and post the Internal Audit Manager (CPA) position in FY16, which should significantly increase our internal audit skill set and allow us to further our internal audit efforts.

**8. Ensure all contracts are approved and signed before the beginning of the contract period. (Repeated-2002)**

**Finding:** The Department did not obtain signed contracts from all vendors prior to commencement of services.

During a review of a sample of 60 contracts totaling \$48.7 million, auditors noted that 30 contracts were signed by the providers and vendors from 1 to 141 days after the effective start date. Consequently, services were performed prior to final execution of these contracts.

Department personnel stated that they have reviewed procedures and developed contract language in order to comply with applicable rules, and that changes have been made to procedures for processing contracts to enable timely service delivery dates. However, the Department stated that due to delays in budget negotiations regarding appropriations, the Department did not send out the contracts to the Providers until the end of June of 2013, making it difficult to obtain signed contracts prior to effective start dates.

**Response:** Accepted. The Department agrees that contracts should be approved and signed before the beginning of the contract period. However, Purchase of Care contracts are specifically exempted from the Procurement Code as there is often a need to provide services ahead of the completion of the paperwork. The standard language on these Purchase of Care contracts should be changed so the prohibitions on starting work prior to having a signed contract are eliminated.

The Department has increased staff in the Office of Contract Administration and changed procedures to speed the issuance of contracts. Performance for FY15 was better than for FY14 and FY16 should be even better.

**9. 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. (Repeated-2012)**

**Finding:** The Department did not adequately document monitoring of provider agencies for compliance with contract terms.

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The Department could not provide documentation demonstrating monitoring had occurred as specified in the contracts for 2 of 30 contracts totaling approximately \$2 million tested from the award and grant appropriations. Also, Department staff had difficulty accessing and providing documentation of monitoring activity and results when requested by the auditors.

The Department stated for one of the contracts, they conducted a mandatory monitoring visit but did not complete the monitoring survey report due to the oversight of a new employee. The Department stated that the lack of monitoring and documentation for the other contract was due to oversight as well.

**Response:** The Department agrees that monitoring needs to be improved and changed. Going forward:

1. We will move to a risk based model where the likelihood of harm and extent of harm will be used to adjust the level and frequency of monitoring.
2. If staffing shortfalls require reduced monitoring, we will reduce the monitoring based on risk levels.
3. Training in monitoring has been strengthened this year and will be reviewed for effectiveness.
4. Documentation of monitoring activity will be reviewed bi-weekly.

### **10. Include the Subcontract Agreement and Standard Certifications as well as the Financial Disclosures and Conflicts of Interest sworn certification with the contracts.**

**Finding:** The Department did not obtain all contractually required information related to subcontractors.

During testing of contractual services and award and grant contract agreements, auditors noted 3 out of 60 contracts did not contain the required subcontractor agreements or related subcontractor standard certifications accompanied by financial disclosures and conflict of interest forms. These contracts accounted for \$2.5 million.

The Department indicated the missing information was due to management oversight as a result of staff shortages.

**Response:** Accepted. The Department has changed its procedures for FY15 so that disclosures and conflicts of interest can be discovered earlier in the contracting process. We have also added staff to reduce the chance of error.

There is an ongoing logistical problem whereas, while we can obtain disclosures in advance of contracting for the prime vendors, we cannot do this for subcontractors. This forces us to review disclosures on subcontractors after the prime contract is in place.

**Accepted or Implemented – continued**

The Department is going to adopt the Comptroller's guidelines on Financial Disclosures and Conflicts of Interest. The Comptroller exempts contracts under \$50,000 from those disclosures and the Department will apply those limits to both contracts and subcontracts.

**Updated Response:** Accepted and Partially Implemented. The Department has changed its procedures for FY15 so that disclosures and conflicts of interest can be discovered earlier in the contracting process. We have also added staff to reduce the chance of error.

**11. Continue efforts to review and implement new procedures over property control as follows:**

- **Prepare reconciliations in a timely manner to detect errors.**
  - **Prepare and reconcile expenditures per the Comptroller records to the purchases listing maintained by the Department.**
  - **Prepare and reconcile expenditures per the Comptroller records to the C-15 additions.**
- **Enter items into property records when the item is received and the voucher is released for payment, and report items on the C-15 for the quarter they were added as equipment inventory. Treat equipment consistently.**
- **Train personnel responsible for completion and review of the quarterly C-15s and make them familiar with the requirements set forth in SAMS for the completion thereof. (Repeated-2010)**

**Finding:** The Department procedures over property control were not adequate. Auditors noted the following deficiencies:

- The Comptroller maintains within the Statewide Accounting Management System (SAMS) expenditure records of purchases of various equipment inventory additions. The Department did not reconcile additions to its internal property inventory listing to the Comptroller's record of purchases.
- The Department is required to file a quarterly Agency Report of State Property (C-15) with the Comptroller. Following are some of the more significant instances noted in which the Department did not complete the C-15 correctly:
  - Transfers from the Capital Development Board (CDB) were not properly accounted for on the C-15. As a result, amounts reported as deletions were overstated by \$943,127. Consequently, the Department also incorrectly reported its additions on its FY14 third quarter C-15 by that same amount.
  - The Department did not utilize the most current C-15 form required by the Comptroller.

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Department personnel stated that they were unaware that the Comptroller's SA02 report was accessible and available for use in reconciling its property records. Also, lack of communication within Department units impeded performance of adequate reconciliations as well as timely recording of activity within property inventory records.

**Response:** Accepted. The Department will review and continue to enhance, as necessary, its current system of gathering property and equipment asset information to improve the accuracy and timeliness of posting transactions to its property control records and devote necessary personnel to these tasks. The Department is evaluating its software that allows for permissions for regional Business Managers to record equipment moves timely (on the same day of the move). And, specific requests and instruction have been issued to require more timely identification of additions. It is noted that no reports of misappropriation of assets or lost equipment inventory items were identified in the finding. The Department regularly performs reconciliations of property inventory and expects to have the reconciliations completed more timely and be in better form for auditors to review in the future.

### **12. Comply with the Illinois State Collection Act of 1986 by requesting federal reimbursements more timely. (Repeated-2012)**

**Finding:** The Department did not request reimbursement of a federally supported program in a timely manner.

Auditors noted that the \$9.1 million receivable at the end of fiscal year 2014 was 87% of the year's total reimbursable costs incurred of \$10.5 million for the Guardianship Assistance program. The large receivable balance at year end indicated that requests for federal reimbursement were not made timely. Also, there was only one draw made during the fiscal year for this program.

According to Department personnel, in their effort to address the finding related to this matter from the prior examination, they focused first on the programs with larger receivable balances related to earned dollars. In addition, Department personnel stated that their focus has also been to draw down those funds as needed for monthly cash needs for all payments out of the Child Services Fund (220).

**Updated Response:** Accepted and Partially Implemented. We continue to request reimbursement for programs monthly for each quarter where it is most efficient. Final requests are made with the fourth quarter's claims.

### **13. Document efforts to notify a sibling's adoptive parents of a child's availability for adoption in order to help maintain sibling relationships. In cases where the Department has determined it is not in the child's best interest to be placed with a sibling's adoptive parents, document the reason for this determination in the case file. Furthermore, conduct and document meetings with pre-adoptive parents or**

**Accepted or Implemented – continued**

**prospective guardians as applicable to facilitate discussion of sibling contact post permanency as required by the amended Act. Finally, continue efforts to promulgate rules concerning sibling relationships, placement and contact as required by the amended Act.**

**Finding:** The Department did not demonstrate compliance with the Children and Family Services Act requirements concerning sibling adoptions and contact.

Accordingly, for fiscal years 2013 and 2014:

- The Department was unable to provide documentation that it had, in cases where a sibling of a child has been adopted, made an effort to locate the adoptive parents or guardians of the sibling and inform them of the availability of the child for adoption.
- The Department was unable, in cases where it has determined that it is not in the child's best interest to be placed with a sibling's adoptive parents, to provide documentation of the reasons for this determination.
- The Department did not begin conducting meetings to develop Post Permanency Sibling Contact Agreements until after fiscal year 2014.

In addition, the amended Act required the Department to develop a registry so that placement information regarding adopted siblings and siblings in private guardianship is readily available to Department and private agency caseworkers responsible for placing children in the Department's care. The Department modified its Statewide Automated Child Information System (SACWIS) program to facilitate this information being available to Department and private agency caseworkers. However, implementation of the software changes was not completed until March 29, 2014, and the related training and orientation to staff concerning these changes did not occur during the examination period.

Department personnel stated that, while they did not implement formal use of the Post Permanency Sibling Contact Agreement until July 30, 2014, the Department did practice child wellbeing through sibling placement whenever possible and appropriate in terms of the best interest of all siblings as outlined in Procedures 301.70 prior to June 30, 2014. Although the Post Permanency Sibling Contact Agreement form was not in place prior to July 30, 2014, the Department used case notes to document the sibling placement consideration in the adoptive home of a sibling.

**Updated Response:** Accepted and Partially Implemented. Rules were issued in January 2013 as required and formal use of the Post Permanency Sibling Contact Agreement began June 30, 2014. Sibling contact rules have been prepared for 2<sup>nd</sup> notice, but have not yet been adopted.

**14. Implement procedures and promulgate rules as necessary to ensure timely compliance with the provisions of the Juvenile Court Act of 1987.**

**Finding:** The Department is in noncompliance with the Juvenile Court Act of 1987.

In cases where the Department's Guardianship Administrator was appointed executive temporary custodian, the Department did not file sibling placement and contact plans with the court within 10 days, excluding weekends and holidays, after the appointment as executive temporary custodian. The Department was in the process of developing a proposed Rule to implement a procedure providing for compliance with the Act, however this was not completed during the testing period.

Department personnel stated that this provision of the Act became effective January 2013 and that the Department implemented procedures on July 30, 2014 which include the required filing of the 10-day sibling visitation and contact plan. Prior to July 30, 2014, in accordance with Rule and the Aristotle P. consent decree, the Department required a court filing of the sibling visitation plan specifying the frequency of sibling visits within 30 days after award of temporary custody of the siblings. The sibling visitation plan was included in the children's case plans.

**Updated Response:** Implemented. The Department implemented procedures on June 30, 2014 which includes the required filing of the 10-day sibling visitation and contact plan.

**15. Enforce existing policies regarding timely completion of performance appraisals and ensure evaluations are properly documented and maintained in employee personnel files. (Repeated-2008)**

**Finding:** The Department did not complete annual performance evaluations on a timely basis.

Upon review of 30 personnel files for each fiscal year, auditors determined 9 of 30 employees did not receive evaluations in FY13, and 6 of 30 employees did not receive evaluations in FY14.

In response to this finding from the prior year, the Department stated that it would work towards improving its efforts to meet the requirements of the Illinois Administrative Code related to evaluations.

**Response:** Accepted. The Department 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.

The Department has implemented a tickler system that notifies the appropriate supervisor/manager when an evaluation will soon be due and when it is overdue. In addition,

**Accepted or Implemented – concluded**

submitting timely evaluations is considered a performance objective for all supervisors and managers. Compliance with this objective is tracked and monitored as failure to do so is an indication of poor management and should be reflected in supervisor and manager performance evaluations.

**16. Continue efforts to ensure employees' accident reports are submitted to DCMS within the seven calendar day requirement. (Repeated-2012)**

**Finding:** The Department did not submit vehicle accident reports timely.

During the examination period, Department employees were involved in 20 accidents while on official State business. Auditors reviewed all of the reports and determined that 6 reports were not filed with the Department of Central Management Services (DCMS) within 7 days. The reports ranged from 5 to 13 days late. A report for 1 of the accidents, which occurred in December 2012, had not been filed with DCMS as of the date of testing, November 2014.

**Response:** Beginning January 27, 2014, the procedure was changed so that notices to employees now state that completed forms need to be returned within 7 days of the accident, and failing to do so may result in the loss of coverage by the State of Illinois self-insurance plan and the forfeiture of indemnity against lawsuit. Supervisors are now copied on correspondence regarding accident reporting forms.

**Updated Response:** Implemented. Beginning January 27, 2014, the procedure was changed. Since that date, drivers involved in six out of seven accidents have returned completed forms to be submitted to CMS within seven days. This is an improvement over the period prior to 1/27/14.

**17. Timely submit annual reports on the effectiveness of the community based system of integrated child welfare and substance abuse services as required by the Abused and Neglected Child Reporting Act. Also, continue efforts to formalize an inter-agency agreement with the Office of the Secretary of State in accordance with the Act. (Repeated-2012)**

**Finding:** The Department did not timely submit an annual report and did not enter into an inter-agency agreement with the Secretary of State as required by the Abused and Neglected Child Reporting Act (Act).

The Abused and Neglected Child Reporting Act requires the Department, with the 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

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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 Act also requires the Department to enter into an inter-agency agreement with the Secretary of State to establish a procedure by which employees of the Department may have immediate access to drivers license records maintained by the Secretary of State if the Department determines the information is necessary to perform its duties under the law.

The Department stated the noncompliance with the Act's requirement to submit an annual report in 2013 was a result of other priorities of responsible personnel. Also, with respect to the Act's requirement that the Department enter into an interagency agreement with the Office of the Secretary of State (Office), Department officials stated they contacted the Office to initiate an interagency agreement, but an agreement was not formalized as of the end of testing period.

**Response:** Accepted. As stated in the finding, the FY13 report was submitted with the FY14 report. The DCFS Legislative Office will schedule and send notifications to the unit that prepares the required reports prior to their due dates. This should improve future compliance rates. Also, the Department has signed the intergovernmental agreement with the Secretary of State and is awaiting the signatures by the Secretary of State for the fully executed agreement.

**Updated Response:** Implemented.

### **Emergency Purchases**

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the

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Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY13 and FY14, The Department filed no affidavits for emergency purchases with the Office of the Auditor General. However, during FY13 and FY14 there were five Emergency Purchase affidavits filed with the Procurement Policy Board that were not filed with the Office of the Auditor General as follows:

- \$28,760 for postage machine maintenance; and
- \$486,204 for database input, tracking, search, and support.

### **Headquarters Designations**

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

In July of 2015, the Department indicated it had 15 employees who spend more than 50% of their time working at locations other than their official headquarters.