

# LEGISLATIVE AUDIT COMMISSION



Review of  
Department of Children and Family Services  
Two Years Ended June 30, 2018

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**REVIEW: 4502**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**FINDINGS/RECOMMENDATIONS - 23**

**ACCEPTED – 5**  
**ACCEPTED AND PARTIALLY IMPLEMENTED - 6**  
**IMPLEMENTED - 12**

**REPEATED RECOMMENDATIONS - 12**  
**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 16**

This review summarizes the reports on the Department of Children and Family Services (DCFS) filed with the Legislative Audit Commission on August 22, 2019. The auditors performed a financial audit for the year ended June 30, 2018 and a compliance examination for the two years ended June 30, 2018 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 (Department) is mandated to provide protective and preventive services to children and their families. The Department responds to this charge by directing programs which protect children who are at risk of harm, administering comprehensive community-based systems of youth services and family support, remedying family problems that place children at risk of being removed from their homes, providing children with a safe, nurturing environment when out-of-home placement is needed, and when appropriate, placing children in suitable adoptive homes. Five Department service delivery programs are designed to achieve these client goals: Protective Services, Family Maintenance, Family Reunification and Substitute Care, Adoption and Guardianship, and Accountability.

Mr. George H. Sheldon served as Acting Director from February 16, 2015 to January 2016 when he received Senate confirmation as Director. Mr. Sheldon resigned on June 14, 2017 facing an ethics probe into contracts and a controversy over the handling of an investigation wherein a toddler died. Thereafter, Beverly “BJ” Walker was appointed Acting Director and served until February 15, 2019. Debora Dyre-Webster was appointed Acting Director on February 16, 2019 and served in that capacity until April 14, 2019. Marc D. Smith was appointed Acting Director on April 15, 2019 and presently remains in that position. Previously, Mr. Smith served as the Executive Vice President of Foster Care and Intact Services at Aunt Martha’s Health & Wellness, Illinois’ largest provider of services to families in crisis. Additionally, Director Smith worked for more than two decades as a social worker, trainer, and leader in child welfare.

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 63 field and regional offices. The number of employees was: 2018 – 2,656; 2017 – 2,597; and 2016 – 2,535. See Appendix A for the average number of employees by division.

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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 FY18, the 24-Hour Hotline received 276,538 calls. The Department placed 2,168 children through adoption and subsidized guardianships in FY18. There were 11,250 children in foster care or relative care in FY18.

### **Expenditures from Appropriations**

The General Assembly appropriated \$1,172,843,543 to DCFS in FY18. The total appropriation came from five different funds, with \$760.6 million, or 64.8%, from the General Revenue Fund and \$399.6 million, or 34.1%, from the DCFS Children's Service Fund. Total expenditures were \$1,084,822,273 in FY18 compared to \$1,076,271,154 in FY17, an increase of \$8.5 million, or 0.8%. This increase was due largely to a net increase of combined spending in the awards and grants lump sum line item in the Children's Services Fund and the General Revenue Fund. Appendix C summarizes the total appropriations and expenditures by fund for FY18, FY17, and FY16. According to the Statewide Single Audit of federal expenditures, total expenditures of federal awards by the Department were about \$401.9 million in FY18, \$391.5 million in FY17, and \$399.8 million in FY16.

Lapse period spending totaled \$133 million, or 12.3% of total expenditures in FY18, which was primarily due to the nature and timing of billing along with having to shift allowable expenditures to the Children's Services Fund due to access of available appropriations late in the fiscal year, including lapse period. In FY17, lapse period spending was approximately \$97.2 million, or 9% of total expenditures, which was primarily due to the nature and timing of billing along with a complication regarding a large credit related to its Facility Management Revolving Fund.

Due to the Budget Impasse, Public Act 100-021 authorized the Department to pay for all costs incurred prior to July 1, 2018 using either the Department's FY17 or FY18 appropriations for non-payroll expenditures, and Public Act 99-0524 authorized the Department to pay FY16 costs using its FY17 appropriations for non-payroll expenditures. The Department did not pay any prior year costs using its FY18 or FY17 appropriation.

According to Recommendation No. 22 in the audit report, the Department did not remit prompt payment interest payments to vendors promptly in FY17, and the Department did not remit prompt payments to vendors at all in FY18. The Department owed 312 vendors \$100,233 in prompt payment interest in FY17 and owed 484 vendors \$414,557 in prompt payment interest in FY18.

Appendix D is a schedule of expenditures by division and grants for FY18 and FY17. This information was presented in the FY19 and FY20 Budget Books. Expenditures from awards and grants in FY18 were approximately \$795.4 million compared to \$786.8 million in FY17, an increase of about \$8.6 million, or 1.1%, with increases primarily in Foster Homes and Specialized Foster Care (\$17.1 million) and Tort Claims (\$4.6 million), and a decrease of \$8.7 million in Institution and Group Home Care Prevention.

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### **Cash Receipts**

Appendix E summarized cash receipts of \$320.2 million in FY18 compared to almost \$387 million in FY17. The \$66.8 million, or 17.3%, decrease in receipts was due mostly to claimable expenditures decreasing in FY18 for the Children's Services Fund as the result of changes to some of the Department's Title IV-E programs.

### **Property and Equipment**

Appendix F summarizes the property and equipment for which the Department was accountable. The beginning balance as of July 1, 2016 was \$23.5 million compared to \$21.9 million as of June 30, 2018, representing a net decrease of approximately \$1.6 million. The schedule in the audit report was prepared from Department records and reconciled to property reports submitted to the Comptroller.

### **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 on behalf of children from the Department through foster care or other services. Board accounts receivable are a result of overpayments by the Department to providers of care for children. Combined accounts receivable, net, with an allowance for uncollectibles, totaled \$2 million in FY18 and \$1.7 million in FY17. The allowance for uncollectibles was \$1.9 million in FY18 compared to \$1.9 million in FY17.

### **Status of Management Audit**

The Office of the Auditor General conducted a management audit of DCFS' search for missing children. These missing children, all wards of DCFS, were primarily runaways, but also included wards whose whereabouts were unknown. The audit was released in December 2014 and contained nine recommendations. One recommendation is implemented and eight are partially implemented. The partially implemented recommendations include: overpayment for services, data accuracy, Child Intake and Recovery Unit (CIRU) notification, caseworker notification, timely reporting of missing wards, completion of follow-up reports, supervisory review, and training/monitoring.

The Office of the Auditor General also conducted a performance audit of DCFS' placement of children. Children sometimes languish in psychiatric hospitals, emergency shelters, or detention facilities for lack of appropriate placement availability, administrative delays, uncooperative youth, or uncooperative parents. The audit was released in September 2016 and contained four recommendations. One recommendation related to internal case forms and files is partially implemented. The other three recommendations are not yet implemented. These recommendations concern updating rules and procedures to reflect

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current practices; promptly planning for the matching process; and improved information in computer system to better monitor children in DCFS custody.

### Accountants' Findings and Recommendations

Condensed below are the 23 findings and recommendations, 12 repeated, included in the reports. The following recommendations are classified on the basis of updated information provided by the staff of DCFS and Kenneth Hovey, former Chief Internal Auditor, on March 16, 2020 via electronic mail.

#### Accepted or Implemented

- 1. Execute detailed Interagency Agreements (IAs) which define the roles and responsibilities of each Department (Healthcare and Family Services, Human Services, Children and Family Services, and Aging) regarding the Medicaid Program. Sufficiently address necessary procedures in the IAs to enforce monitoring and accountability provisions over Illinois-Michigan Program Alliance for Core Technology (IMPACT) as required by the Code of Federal Regulations, the State Plan, and the Social Security Act, so the enrollment of providers offering services to recipients of the Medicaid program is carried out in an effective, compliant, efficient, and economical manner. Further, obtain and review/approve the remaining deliverables from the third party service provider (TSP) and, in the future, the Departments should establish adequate controls over project management for the development and implementation of major projects, such as IMPACT.**

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

#### **HFS' and Delegated Agencies' Roles**

As set by the State of Illinois' State Plan under Title XIX of the *Social Security Act* (State Plan), the State's designated agency responsible for administering and supervising the administration of the Medicaid Program is HFS. However, Section 1.1 of the State Plan also allows for HFS to delegate specific functions to other State entities to assist with the administration of the Medicaid Program, pursuant to a written IA defining each agency's roles and responsibilities. During testing, auditors identified the following delegated agencies and examples of the Medicaid services they provide which utilizes IMPACT for enrollment of their providers. DHS administers several human service programs under the Medicaid Program, including

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developmental disabilities support services, rehabilitation services, and substance abuse (prevention and recovery) services. DCFS administers the State's child welfare program which includes cooperating in the establishment of Medicaid eligibility for children who are wards of the State. DoA administers the State's programs for residents aged 60 and older, including Home and Community Based Services to Medicaid recipients who meet Community Care Program requirements.

### **Auditor Testing and Results**

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

- The Departments did not have current, formal written agreements defining the roles and responsibilities of HFS or its Delegated Agencies of the Medicaid Program.
- While DHS utilized IMPACT to formally approve providers for the purposes of granting payments of their Medicaid claims, it did not utilize IMPACT as its book of record or rely on it to verify the providers met certain federal requirements. In this instance, the book of record means the mandatory system designated by HFS to be used for the tracking of the State's activities, events, or decisions when approving or denying the enrollment of Medicaid providers. When auditors inquired of DHS as to why it did not retain the documentation within IMPACT to support its determination of enrollment, DHS management stated it chose to maintain the supporting documentation outside of IMPACT as it could not rely on IMPACT.
- When auditors inquired of DCFS and DoA as to what their processes were regarding the use of IMPACT, they both stated they did not use IMPACT after formally approving the providers for the purpose of granting payments of their Medicaid claims. They both believed HFS was doing the subsequent review of, and maintenance of, provider enrollment information for them. After asking HFS to confirm if DCFS' and DoA's statements were accurate, HFS management stated that was not the case and both DCFS and DoA had the responsibility to subsequently review their providers' eligibility for enrollment in the Medicaid program.
- The Departments implemented IMPACT despite the inability of IMPACT to allow Illinois officials to generate customary and usual system internal control reports, including such information as provider data, security measures, or updates made to IMPACT. The Departments must go through the third party service provider (TSP) in order to obtain any reports needed by the State.
- Based on testing of the documented procedures governing IMPACT, auditors noted the following:

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### Accepted or Implemented – continued

- the procedures only addressed the actions that should have been taken by HFS and did not include the procedures to be followed or taken by the Delegated Agencies;
  - the procedures contained contradictory provisions; and,
  - the procedures did not depict the actual actions taken by HFS staff during the audit period.
- The Departments failed to establish and maintain adequate general information technology controls over IMPACT. (See Finding 2 for further details.)
- The Departments had inadequate project management over the implementation of IMPACT. According to the Intergovernmental Agreements, Amendments, and Statements of Work signed between HFS and the TSP, who maintains and hosts IMPACT, the TSP was to provide HFS various deliverables throughout the implementation of the project for its timely review and approval. During testing of the deliverables required to be provided, auditors noted the following:
  - HFS did not receive 9 of the 60 (15%) required deliverables,
  - For 39 of the 51 (76%) deliverables received, there was no supporting documentation to demonstrate HFS had approved them, and
  - One of the 51 deliverables received, the Provider Enrollment (PE) Implementation Plan, was noted as “draft”. As a result, HFS does not have supporting documentation to show it received and approved the “final” version of the deliverable. The purpose of the PE Implementation Plan was to define the overall approach for the implementation of the PE module of IMPACT.
- As a result of inadequate project management, the Departments did not implement adequate security controls over IMPACT. (See Finding No. 2 for details.)
- The Departments did not design and establish an adequate internal control structure over provider enrollment determination *such that sufficient and appropriate evidence, maintained in a paperless format, existed to support each provider met various compliance requirements at the time when the Departments determined each provider’s eligibility.* Further, management at the Departments failed to adequately monitor manual provider enrollment determinations, as (1) staff did not consistently document their review of the provider applications in accordance with HFS’ Process Checklists and (2) HFS did not establish a system of supervisory reviews of work performed by staff. (See Finding No. 3 for further details.)

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

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

**DCFS Updated Response:** Accepted. The Department of Children and Family Services (DCFS) looks forward to discussions and will work towards executing agreement(s) that will define its role, responsibilities and cooperation with other State agencies with regard to IMPACT and the State's Medicaid Program.

### **Other Agency Responses: Department of Healthcare and Family Services**

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

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

...All deliverables were received, reviewed and paid in accordance with State requirements; however, this particular contract outlined additional requirements for deliverable approval and the Department could not provide all items due to staff turnover. Additional processes were implemented in response to a previous audit finding related to this same issue; however, the deliverables and approvals noted by the auditor during this audit pre-date the new process that was implemented.

### **Department of Human Services Response**

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

### **Department on Aging Response**

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

Accepted or Implemented – continued

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

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

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

Auditor Testing and Results

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

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### Security over Illinois Users Testing

As part of the audit process, auditors requested HFS provide the population of all State staff who had access to IMPACT. Although HFS provided a population to the auditors, documentation demonstrating the completeness and accuracy of the population could not be provided. HFS stated it could not provide the necessary documentation, as the TSP controls it.

Even given the population limitations noted above, auditors tested a sample of State users who had access to IMPACT which revealed the following:

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

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

### Edits Testing

The Departments were unable to provide auditors a complete listing of active edits, so auditors could not test them to determine if they are functioning properly, which would provide some assurance that the data in IMPACT is accurate and in accordance with applicable laws, rules, and regulations governing providers of services for the Medicaid Program of the State.

### Disaster Recovery Testing

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

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

- A significant amount of information had been redacted; therefore, auditors were unable to determine the extent of the disaster recovery exercise and its relationship to Illinois data.

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### Accepted or Implemented – continued

- The Departments had neither reviewed the Report nor been involved in the actual recovery exercise.

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

Auditors stated that the Departments failed to adequately protect IMPACT and the State's data against the possibility of major disruptions of services and loss of data, and were unable to determine if IMPACT and the State's data were adequately protected during the audit period.

### Change Management

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

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

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

**DCFS Updated Response:** Implemented. Based on DCFS no longer contracting for Medicaid services – these findings no longer apply to DCFS.

### **Department of Healthcare and Family Services Response**

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

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### Department of Human Services Response

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

### Department on Aging Response

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

- 3. Improve controls to better ensure staff and supervisors are properly obtaining, reviewing, and retaining documentation in IMPACT to support Medicaid provider enrollment. As a part of improved controls, increase the level of staff training and oversight.**

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

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

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### Accepted or Implemented – continued

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

### Auditor Testing and Results

#### *Quality/Supervisory Reviews Not Conducted*

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

#### *Population Completeness*

Auditors requested HFS management to provide us the population of all provider applications approved during Fiscal Year 2018. Although HFS provided a population, it could not provide documentation demonstrating the completeness and accuracy of the population.

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

#### *Detail Sample Testing*

Based on the population provided by HFS, during FY18, the Departments approved 27,886 provider applications. In order to determine if the providers' applications were approved in accordance with federal and State laws/rules/regulations, a sample of 138 approved applications were selected for testing. Of the 138, provider files revealed that 26 of the provider files contained multiple exceptions, 74 provider files contained 1 exception, and 38 of the provider files contained no exceptions.

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

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

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

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

**DCFS Updated Response:** Implemented. Based on DCFS no longer contracting for Medicaid services – these findings no longer apply to DCFS.

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

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

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

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

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

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### Accepted or Implemented – continued

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

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

- 29 of 60 (48%) Registration Case Opening Forms were not completed timely.
- 25 of 60 (42%) Statewide Automated Child Welfare Information System (SACWIS) Risk Assessments were not completed timely.
- 37 of 60 (62%) Initial Service Plans were not completed timely.
- 48 of 60 (80%) Integrated Assessments were not completed timely.
- Nine of 60 (15%) children's fingerprints were not indicated as being taken and maintained in SACWIS or in case files.
- 29 of 60 (48%) Initial Placement Checklists were not found in files.
- Two of 60 (3%) Placement & Payment Authorization Forms were not maintained in the case files.
- 36 of 60 (60%) Child Identification Forms were not maintained in the case files.

Additionally, auditors utilized the administrative case reviews (ACR) for the same sample to test compliance with the Illinois Administrative Code's 21-day notification requirement. The sample of 60 cases resulted in 226 ACRs, which generated 737 notifications to all parties involved as follows:

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

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

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

**Updated Response:** Accepted and Partially Implemented. The realignment of DCFS to develop an intact structure to include a Deputy Director and Regional Administrators for Intact only will enhance our ability to implement communication and accountability for case

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documentation as indicated above. Regional Administrators are now in place as of 01/16/20. This is one of our first priorities and strategies for improvement are being finalized with the intact team.

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

**Finding:** The Department did not make timely determinations of whether reports of child abuse and neglect were “indicated” or “unfounded” as required by the Abused and Neglected Child Reporting Act.

The Department did not make timely determinations within 60 days in 207 of the 80,698 (0.26%) reports and in 201 of the 75,014 (0.27%) reports of child abuse and neglect referred to the Department during FY18 and FY17, respectively.

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

**Response:** Accepted. The Department realizes the importance of completing investigations and making a determination within 60 days. Currently the Department is 99% compliant with this standard and will continue to strive for 100% compliance.

### **6. 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 investigations of child abuse and neglect within 24 hours of receipt of the report.

The Department did not timely initiate an investigation for 116 of the 81,229 (0.14%) reports and for 154 of the 75,000 (0.21%) reports of child abuse and neglect in FY18 and FY17, respectively.

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

**Response:** Accepted. At this time the Department is over 99% compliant with this standard. The Department will continue to strive to reach 100% compliance by monitoring weekly reports and addressing missed mandates via the disciplinary process. Supervisors will be reminded to review the investigation to ensure the mandate time is correct in an effort to reduce human error.

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**Accepted or Implemented – continued**

**7. Ensure child death reviews are conducted within the time period established by the Child Death Review Team Act.**

**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 (Act).

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

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

**Updated Response:** Implemented. The Department understands the importance of the timeliness of these child death reviews and agrees with the auditor's recommendation. The Department has implemented improvements to the death review process and all reviews in FY18 and FY19 to date have been completed within the 90-day requirement.

**8. Ensure TA-2 Reports are filed as required with the Legislative Audit Commission. Also, designate backup personnel for all reporting responsibilities.**

**Finding:** The Department did not file the required Travel Headquarters Reports (TA-2 Report) during FY18.

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

**Updated Response:** Implemented. The Department has implemented procedures to ensure the TA-2 Reports are submitted timely and in accordance with The State Finance Act. The Department has successfully and timely submitted all required reports in FY19.

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

**Finding:** The Department did not have fully approved contracts prior to commencement of services.

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

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

**Updated Response:** Accepted and Partially Implemented. The Department agrees is best practice to ensure all contracts are approved and signed before the beginning of the contract period whenever possible. In FY19, DCFS started filing multi-year contracts to help mitigate this finding. DCFS will have many contracts on a three year rotating basis.

**10. 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.

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

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

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

In mid-FY19, DCFS implemented the Program Monitoring Review Database web application. Currently, program monitors can complete entries of their annual, quarterly,

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### Accepted or Implemented – continued

monthly and/or as needed program reviews through a web-based database application. To improve compliance, a quarterly management report is also available to the Department's executive and administrative management staff, which, in part, identifies monitoring activity on programs under contract with DCFS.

**Updated Response:** Accepted and Partially Implemented. The Deputy Director and Chief Accountability Officer positions have been consistently staffed.

The Program Monitoring Review Database (PMRD) is accessible to all program monitors and contract managers. Maintenance was scheduled for the PMRD compliance report in order to report out additional data for the deputy directors, other stakeholders and the Director's office.

### **11. Comply with the State Services Assurance Act or, alternatively, if determined that the bilingual staffing level required by the Act is not representative of its needs, seek a legislative remedy to the statutory requirement. (Repeated-2010)**

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

The Act required that on or before July 1, 2008 the Department shall increase the number of bilingual on-board frontline staff by 40 over the level that it maintained on June 30, 2007. The Act also requires the Department to maintain its bilingual staff at the increased level. On June 30, 2007, the Department had 154 bilingual frontline staff. Therefore, it is required by the Act to maintain a bilingual staffing level of 194. As of June 30, 2018, the Department employed 158 bilingual staff, 82 of which were considered frontline staff.

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

**Updated Response:** Accepted and Partially Implemented. The Department has made efforts to meet this mandate, while addressing the needs of all clients. DCFS will continue to maintain translation services, recruitment efforts targeted to bilingual vacancies, and programs such as career development, self-development and training programs targeted to its bilingual employees. The Department has hired bilingual Spanish Speaking workers in higher numbers. DCFS Spanish Speaking Bilingual staff is 165. The Department is 29 positions under the State Service Assurance Act requirement of 194.

### **12. Enforce existing policies regarding timely completion of performance appraisals. (Repeated-2008)**

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

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

- The Department did not complete performance evaluations for 17 (28%) employees during FY17 and 33 (55%) employees during FY18. As of the date of testing, August 8, 2018, these evaluations were overdue by nine to 707 days.
- The Department did not conduct performance evaluations in a timely manner for 17 (28%) employees during FY7 and ten (17%) employees during FY18. These evaluations were completed 10 to 328 days after their due date.

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

**Updated Response:** Accepted and Partially Implemented. The Department will work towards improving its efforts to meet the requirements of the Illinois Administrative Code related to evaluations. Evaluation are required to be completed on an annual basis. Tracking mechanisms have been established to help increase compliance.

### **13. Complete and submit form SCO-560, Accounting for Leases-Lessee, as required by SAMS. (Repeated-2016)**

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

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

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

**Updated Response:** Implemented. The Department has implemented procedures to ensure the form SCO-560 is completed when required. All required SCO-560 forms have been successfully filed with the Comptroller in FY19.

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**Accepted or Implemented – continued**

**14. Strengthen internal controls over the recording of State property by strengthening inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements.**

**Finding:** The Department failed to maintain accurate property records.

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

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

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

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

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

**Updated Response:** Implemented. With the conversion of inventory over to the SAP system, the Department is strengthening their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements.

**15. Ensure employees' accident reports are submitted to DCMS within seven calendar days of accidents, as required by the Code and Guide. (Repeated-2012)**

**Finding:** The Department's employees failed to timely file accident reports.

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

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

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**Updated Response:** Implemented. The Department will ensure that accident reports submitted to the Office of Administrative Services are submitted to DCMS within seven calendar days of receipt of such report.

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

**Finding:** The Department failed to timely request reimbursement of federally supported programs.

The Department participated in approximately 31 federally supported programs in fiscal year 2018. Of the 31 programs, five (16%) of these had receivables at the end of the fiscal year that were 70% or greater than the year's total reimbursable costs.

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

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

**17. Notify the Department of Defense Family Advocacy Program within the State of suspected abuse or neglect involving children of military personnel, identify the individuals involved as military personnel, and maintain a complete listing of those investigations. Also, ensure the timely submission of annual reports required by the Act to the General Assembly and Governor. Further, correctly follow internal procedures regarding the transmission of hotline phone calls to the appropriate Child Protective Services Unit. Finally, appoint a member to the State-wide Citizen's Committee on Child Abuse and Neglect who specializes in neonatal medical care. (Repeated-2012)**

**Finding:** The Department failed to comply with several sections of the Abused and Neglected Child Reporting Act (Act).

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

- During testing of 13 investigations performed by the Department during the engagement period, auditors noted two (15%) instances where the Department did not indicate that the case involved military personnel, and another two (15%)

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### Accepted or Implemented – continued

instances where the Department did not send a notification to the appropriate military base. Auditors identified two additional cases not on the initial listing by the Department.

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

- The Act requires the Department, in cooperation with the Department of Human Services, to develop case management protocols for Department clients with substance abuse problems and shall evaluate the effectiveness of these pilot programs and report to the Governor and the General Assembly on an annual basis.

The Department submitted the FY17 report on August 2, 2017, but did not submit the FY18 report to the General Assembly or Governor documenting the case management protocols and program's effectiveness. The Department stated the FY18 report was delayed due to a lack of sufficient staff and temporary peak workloads from other required projects.

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

Department management attributed these exceptions to personnel turnover and the failure to emphasize with new staff the importance of the need to make these requests.

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

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**Updated Response:** Implemented. The required reports were filed during the audit and the 2017 report was filed on a timely basis. A database system has been implemented to keep track of all of the audit requirements.

**18. Review the requirements concerning the Governor's Youth Services Initiative and take appropriate measures to implement initiatives to accomplish the intended purposes as outlined in the Children and Family Services Act or seek legislative remedy. (Repeated-2016)**

**Finding:** The Department did not comply with the Children and Family Services Act (Act).

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

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

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

**Updated Response:** Accepted. The Department has been working with other State and local agencies to develop initiatives for dually involved youth and will continue to work towards compliance with the Act.

The recommended course of action to address the finding will be for the DCFS Director to recommend legislation to discontinue Governor's Youth Service Initiative or convene a meeting with each identified state agency Director along with his/ her designee to develop a policy board and program administrator that will lead the development and implementation of the Governor's Youth Services Initiative.

The Department began to partially address the intentions of the Governor's Youth Services Initiative Program in October 2018. The Multi-System Collaboration Project for multi-system youth was a planning and service development project, which involved Agency Directors for DCFS, Juvenile Justice, DHS, and ISBE. Due to changes in administration and leadership the ongoing planning and program development was placed on hold.

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19. **File the required reports with the Adoption Registry – Confidential Intermediary Advisory Council by July 1 and January 1 annually. Also, maintain documentation to demonstrate distribution of a written list to all pre-adoption approval requirements to all Illinois licensed child welfare agencies performing adoption services and all out-of-state agencies approved under the Adoption Act. Finally, maintain a log of provisional approvals of interstate placement.**

**Finding:** The Department did not comply with the Adoption Act (Act).

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

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

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

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

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The Department could not provide sufficient documentation for the lack of denied child placements prior to September 2017.

The Department stated the reason it could not support its claim of not denying any private placement during the examination period was due to its practice of changing the approval from provisional to approved within the database, and not retaining the original provisional listing.

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

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

**Finding:** The Department did not comply with the Child Care Act of 1969 (Act).

Auditors tested several sections of the Act and noted exceptions related to adoption-only homes; child care facilities without internet access; no expulsion rule; minimum licensing standards; violations reported to the Attorney General or State's Attorney; and list of child welfare agencies licenses on the Department's website.

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

**Updated Response:** Accepted and Partially Implemented. The Department's responses to specific recommendations are as follows:

(1) Adoption Only language drafted for Rules 401 is pending with the Office of Child & Family Policy. There were OIG recommendations submitted in November, 2019 that were to be included in Rules 401. An inquiry with OCFP has been made related to extending adoption-only policy, as outlined in PG 2017.04. PG 2017.04 continues to be accurate in its substance. Expected completion date: 12-31-2020

(2) DCFS acknowledges the importance of ensuring its licensed Child Care providers have access to information about unsafe children's products. DCFS will continue to work with the provider community to develop methods to communicate information from the Consumer Product Safety Commission to providers that do not have internet access.

(3) A review of all legislative changes for which daycare rules are to be developed has been completed. The development of Policy, Rules & Procedures to address this requirement is in process, including expulsion/suspension of children from licensed daycare facilities.

(4) The Department will investigate ways to best comply with the random survey language in the Act and will review policies and training methods to ensure proper documentation is maintained to ensure minimum safety standards of licensing are met. The survey is implemented, but capturing the data is to be implemented. Licensing will develop a work group comprised of supervisor as well as licensing rep to look in to how we can best capture the random sampling data and a mechanism to capture/document the compliance with this rule. We will began developing a working procedure and implement by 7/30/2020.

(5) The Office of Child & Family Policy, with the new Chief of Office of Child & Family Policy, is currently completing a comprehensive list of pending policy guides, OIG recommendations, rules and procedures for which a plan will be developed to organize and prioritize these pending documents. Expected completion date: 12-31-20.

(6) The DCFS's Licensing Supervisor will monitor on a quarterly basis all unlicensed facility complaints to ensure that the Attorney General or States Attorney is notified in writing, when required. The supervisor will keep a log of all unlicensed complaints and disposition of complaints, including documenting dates States Attorney and Attorney General was notified. A hard copy of the unlicensed complaint file will be kept. (7) DCFS will include all required information of child welfare agencies licensed by the Department on its website.

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

**Finding:** The Department failed to comply with various portions of statutory mandates.

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

- The Child Sexual Abuse Prevention Act (325 ILCS 15/7) states the Director shall submit annual reports to the General Assembly concerning his or her findings concerning the degree of achievement of the goals of the Child Sexual Abuse Prevention Act. During testing, the Department supplied the 2018 report it provided to the General Assembly in June 2018. However, the Department could not provide documentation that it created and sent the 2017 report to the General Assembly. The Department stated the exception was caused by lack of sufficient resources devoted or allocated to this area.
- The Illinois Council on Developmental Disabilities Law (Law) (20 ILCS 4010/2004.5) outlines the membership of the Illinois Council on Developmental Disabilities (Council), which includes the Director or his or her designee as a voting member. Testing noted that an interim representative attended one of the 12 meetings held by the Council during the engagement period. However, the Department was unable to locate meeting minutes to verify that either the Director or designee attended the other Council meetings held during the engagement period. The Department stated the exception was caused by lack of sufficient resources devoted or allocated to this area.
- The Illinois Muslim American Advisory Council Act (20 ILCS 5110/15 to 5110/30) created the Illinois Muslim American Advisory Council (IMAAC) to advise the Governor and the General Assembly on policy issues impacting Muslim Americans and immigrants; to advance the role and civic participation of Muslim Americans in Illinois; to enhance trade and cooperation between Muslim-majority countries and Illinois; and to build relationships with and disseminate information to, in cooperation with State agencies, boards, and commissions, Muslim American and immigrant communities across Illinois. The Director is to appoint a liaison to serve as an ex-officio member of the IMAAC, which is to meet at least once per month. The Department did not have a designated representative for the IMAAC during the engagement period. The Department stated the exception was caused by lack of sufficient resources devoted or allocated to this area.
- The Administration of Psychotropic Medications to Children Act (Act) (20 ILCS 535/15(a) to 535/15(b)) requires the Department to prepare and submit an annual

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### Accepted or Implemented – continued

report by December 31 of each year to the General Assembly concerning the administration of psychotropic medication to persons for whom it is legally responsible. The 2016 and 2017 reports were not sent to the State Government Report Distribution Center on behalf of the General Assembly. The Department stated the Annual Psychotropic Medication report was created and distributed by two different divisions. The Department stated the failure to communicate resulted in the report being distributed to some, but not all of the entities required by the statutory mandates.

#### **Updated Response:** Accepted.

Issue: The Child Sexual Abuse Prevention Act.

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

Issue: The Illinois Council on Developmental Disabilities Law

The Department has been compliant in 2019. The Director's designee attended meetings on 1/17/2019, 3/7/2019, 5/9/2019, 8/1/2019, and 9/12 – 9/14/2019 for the Council's retreat. The Department will continue to participate in the Council and track our meeting attendance.

- The Director's designee to the Illinois Council on Developmental Disabilities is Linda Kelly as of October 2019. The previous designee was Juliana Harms. Linda Kelly has been attending meetings and states the next one is February 20, 2020. The Department will begin keeping a log of all attendance to this council.

Issue: The Illinois Muslim American Advisory Council

We have an appointed designee of the Director who will attend meetings once the council returns to regular meetings. The council has not met since 2015.

- The Director designee to serve on the Illinois Muslim Advisory Council is Najma Adam. Adam was appointed in October of 2019. Please note that since 2015, "a hold has been placed on all meetings of the Muslim American Advisory Council until further notice." Adam reports she has not received any notice of any return to scheduled meetings for the council. If meetings resume, the Department will begin keeping a log of all attendance to this council.

Issue: The Annual Psychotropic Medication report

Going forward we will ensure that these reports are delivered to all the proper recipients including the State Government Report Distribution Center.

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**22. Ensure interest payments required by the State Prompt Payment Act are paid in a timely manner.**

**Finding:** The Department did not pay all prompt pay interest (PPI) in FY17 and FY18 as required by the State Prompt Payment Act (Act).

The Department owed 312 vendors \$100,233 in prompt payment interest in FY17. However, the Department did not remit these payments to vendors in FY17. The Department instead submitted its calculations to the Illinois Office of the Comptroller (Comptroller) in a single batch on the last day of the lapse period, but because the file contained a vendor ineligible to receive interest for late payments, the calculation reports were rejected and not processed in fiscal year 2017.

The Department owed 484 vendors \$414,557 in prompt payment interest in FY18, but did not remit these payments to the vendors in FY18. The Department failed to submit the calculations to the Comptroller for payment.

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

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

**Updated Response:** Implemented. The Department implemented SAP as part of the Statewide Enterprise Resource Planning project and will use the Prompt Pay functionality of SAP to ensure interest payments required by the Act are made.

In FY19 SAP had not fully implemented Prompt Pay as part of its abilities. DCFS used its legacy accounting systems to calculate Prompt Pay interest vouchers and did make its required payments. DCFS will use SAP in future years to make Prompt Pay interest payments, but now have processes in place to use legacy system to validate payments and can use as a backup in case there are future problems with SAP.

**23. Maintain the records necessary to demonstrate collection attempts in accordance with SAMS for returned checks.**

**Finding:** The Department had deficiencies in its management of returned checks.

**Updated Response:** Implemented. The Department has implemented procedures to ensure records are maintained as necessary. The Department has received 2 returned checks in FY19 and started collection procedures in both circumstances as required by SAMS.

### **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 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 affidavits or statements with the Procurement Policy Board and the Auditor General setting forth the amount expended (or an estimate of the total cost), the name of the contractor involved, and the conditions and circumstances requiring the emergency purchase. The Code also allows for quick purchases. 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 FY17 and FY18, the Department did not file any affidavits/statements for emergency purchases.

### **Headquarters Designations**

The State Finance Act requires all State agencies 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.

The Department did not submit the TA-2 forms for FY18. In July 2017, DCFS indicated it had nine employees who spent more than 50% of their time working at locations other than their official headquarters. In January 2019, DCFS reported two employees spent more than 50% of their time working at locations other than their official headquarters.

**REVIEW: 4502**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**APPENDIX A**

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**Average Number of Employees by Division**

|                                | <u>FY18</u>         | <u>FY17</u>         | <u>FY16</u>         |
|--------------------------------|---------------------|---------------------|---------------------|
| Child welfare                  | 598                 | 599                 | 610                 |
| Child protection               | 957                 | 869                 | 853                 |
| Purchase of service monitoring | 394                 | 406                 | 386                 |
| Budget and finance             | 282                 | 283                 | 292                 |
| Central administration         | 113                 | 123                 | 102                 |
| Office of the guardian         | 35                  | 32                  | 30                  |
| Clinical services              | 99                  | 92                  | 96                  |
| AFCAR/SACWIS                   | 48                  | 60                  | 56                  |
| Title IV-E reimbursements      | 27                  | 24                  | 14                  |
| Inspector general              | 18                  | 19                  | 19                  |
| Targeted case management       | 34                  | 46                  | 36                  |
| Foster care/adoption training  | 6                   | 5                   | 19                  |
| Attorney General CW litigation | 4                   | 6                   | 7                   |
| Foster care initiative         | 19                  | 23                  | 5                   |
| Independent living initiative  | 3                   | 4                   | 3                   |
| Children's Justice Act         | 11                  | 1                   | 1                   |
| MCO Technical Assist           | 1                   | -                   | 1                   |
| Special purposes trust fund    | 4                   | 1                   | -                   |
| Fed Child Welfare Projects     | 2                   | 3                   | 4                   |
| Health care network            | 1                   | 1                   | 1                   |
| <b>TOTAL</b>                   | <b><u>2,656</u></b> | <b><u>2,597</u></b> | <b><u>2,535</u></b> |

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**REVIEW: 4502**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**APPENDIX B**

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**Service Efforts and Accomplishments**

|  | <u>FY18</u> | <u>FY17</u> | <u>FY16</u> |
|--|-------------|-------------|-------------|
| <b><u>Protective Services</u></b>                                  |             |             |             |
| Family reports investigated  | 77,428      | 75,034      | 78,581      |
| Hotline calls  | 276,538     | 252,388     | 245,388     |
| Children investigated  | 133,564     | 120,815     | 127,249     |
| Indicated family reports   | 18,920      | 17,485      | 18,910      |
| Percent of investigations indicated                                | 24.4%       | 23.3%       | 24.1%       |
| Percent of investigations initiated within 24 hours                | 99.2%       | 99.4%       | 99.4%       |
| Percent of investigations completed on time                        | 87.4%       | 99.8%       | 99.8%       |
| <b><u>Family Maintenance</u></b>                                   |             |             |             |
| Intact families at end of fiscal year                              | 3,790       | 3,536       | 3,056       |
| Family cases closed  | 6,603       | 6,262       | 6,306       |
| Intact family cases open over 12 months                            | 721         | 703         | 616         |
| <b><u>Adoption and Guardianship</u></b>                            |             |             |             |
| Number of children receiving adoption payments                     | 19,062      | 19,277      | 19,528      |
| Number of children receiving guardianship payments                 | 2,780       | 2,790       | 2,810       |
| Number of children adopted   | 1,706       | 1,818       | 1,560       |
| Number of children to guardianship                                 | 462         | 435         | 312         |
| <b><u>Family Reunification and Substitute Care</u></b>             |             |             |             |
| Children in independent living                                     | 507         | 595         | 597         |
| Children in regular foster care                                    | 3,598       | 3,613       | 3,830       |
| Children in relative care  | 7,652       | 6,956       | 6,769       |
| Children in residential placements                                 | 883         | 940         | 1,104       |
| Children in specialized foster care                                | 2,357       | 2,313       | 2,338       |
| Children with "return home" goal                                   | 5,999       | 6,513       | NA          |
| Children placed outside home - paid placements                     | 14,997      | 14,417      | 14,638      |
| Child cases closed   | 5,243       | 5,228       | 5,233       |
| Percent of children returned home                                  | 16.9%       | 14.3%       | 17.2%       |
| Number of children returned home                                   | 2,181       | 1,853       | 2,219       |
| Median length of time open for children in substitute care (years) | 1.7         | 2.0         | 2.1         |
| <b><u>Accountability</u></b>                                       |             |             |             |
| Total number of DCFS licensed child welfare agencies               | 147         | 151         | 156         |
| Total number of licensed foster homes                              | 9,333       | 9,534       | 10,392      |
| Total number of licensed day care facilities                       | 10,149      | 10,264      | 10,036      |
| Total number of licensed institutions & group homes                | 172         | 179         | 183         |
| Annual case reviews (ACR) held                                     | 17,172      | 17,230      | 17,583      |
| Percent of wards receiving required ACR's                          | 97.9%       | 98.9%       | 98.6%       |
| Percent of agency & institution licensing renewals completed       | 90.1%       | 88.6%       | 74.2%       |
| Percent of agency performance monitoring reviews held              | 98.3%       | 98.8%       | 92.9%       |

**REVIEW: 4502**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**APPENDIX C**

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**Summary of Appropriations and Expenditures by Fund**

|                                    | <u>FY18</u>             | <u>FY17</u>             | <u>FY16</u>             |
|------------------------------------|-------------------------|-------------------------|-------------------------|
| <b>TOTAL APPROPRIATIONS</b>        | <b>\$ 1,172,843,543</b> | <b>\$ 1,161,890,800</b> | <b>1,178,585,603</b>    |
| <b><u>EXPENDITURES</u></b>         |                         |                         |                         |
| <b><u>General Revenue Fund</u></b> |                         |                         |                         |
| Regular positions                  | \$ -                    | \$ 198,753,159          | \$ 201,874,895          |
| Social Security/Medicare           | -                       | 14,572,258              | 14,843,237              |
| Contractual services               | -                       | 23,716,661              | 23,733,308              |
| Travel                             | -                       | 5,909,843               | 5,804,709               |
| Commodities                        | -                       | 263,404                 | 235,884                 |
| Printing                           | -                       | 237,317                 | 285,023                 |
| Equipment                          | -                       | 34,896                  | 40,300                  |
| Electronic data processing         | -                       | 1,197,084               | 1,442,397               |
| Telecommunications                 | -                       | 4,062,711               | 3,994,669               |
| Operation of auto equipment        | -                       | 100,418                 | 132,957                 |
| Lump sums and other purposes       | 258,804,885             | 10,053,386              | 10,232,658              |
| Awards & grants                    | 9,909,949               | 10,281,225              | 8,038,992               |
| Awards & grants lump sum           | 476,964,429             | 414,715,523             | 348,125,698             |
| Refunds                            | 11,120                  | 11,200                  | 8,650                   |
| <b>Total General Revenue Fund</b>  | <b>\$ 745,690,383</b>   | <b>\$ 683,909,085</b>   | <b>\$ 618,793,377</b>   |
| Children's Services Fund           | 335,856,521             | 388,637,144             | 462,869,799             |
| Federal Projects Fund              | 2,729,025               | 3,248,553               | 4,911,576               |
| Special Purpose Trust Fund         | 481,574                 | 406,093                 | 250,287                 |
| Child Abuse Prevention Fund        | 64,770                  | 70,279                  | 89,735                  |
| <b>Total Expenditures</b>          | <b>\$ 1,084,822,273</b> | <b>\$ 1,076,271,154</b> | <b>\$ 1,086,914,774</b> |

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**REVIEW: 4502**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**APPENDIX D**

**\*Schedule of Expenditures by Division**

| <b><u>Expenditures by Division</u></b>                        | <b><u>FY18</u></b>      | <b><u>FY17</u></b>      |
|---|-------------------------|-------------------------|
| Regional Offices  | \$ 759,977,200          | \$ 754,927,000          |
| Central Administration  | 29,548,300              | 30,814,700              |
| Child Welfare   | 79,001,900              | 76,785,700              |
| Child Protection  | 109,602,700             | 109,392,100             |
| Budget, Legal, and Compliance                                 | 50,993,100              | 48,480,300              |
| Clinical Services   | 16,137,700              | 16,700,100              |
| Office of the Guardian  | 3,411,200               | 1,558,000               |
| Inspector General   | 1,768,500               | 1,961,100               |
| Regulation and Quality Control                                | 34,381,600              | 35,652,100              |
| <b>Total by Division</b>                                      | <b>\$ 1,084,822,200</b> | <b>\$ 1,076,271,100</b> |
| <br>  |                         |                         |
| <b><u>Expenditures from All Funds</u></b>                     |                         |                         |
| Total Personal Services and Fringe Benefits                   | \$ 214,065,000          | \$ 213,325,400          |
| Total Contractual Services                                    | 20,191,500              | 23,716,700              |
| Total Other Operations and Refunds                            | 12,414,700              | 11,816,900              |
| Total Designated Purposes                                     | 42,786,800              | 40,573,600              |
| <b>Total All Funds</b>  | <b>\$ 289,458,000</b>   | <b>\$ 289,432,600</b>   |
| <br>  |                         |                         |
| <b><u>Expenditure from Awards and Grants</u></b>              |                         |                         |
| Adoption and Guardianship Services                            | \$ 167,323,400          | \$ 168,895,300          |
| Cash Assistance and Housing Locator Services                  | 3,276,300               | 3,166,300               |
| Child Abuse Prevention  | 64,800                  | 70,300                  |
| Children's Advocacy Centers                                   | 3,276,200               | 3,278,200               |
| Children's Personal/Physical Maintenance                      | 2,147,500               | 2,210,600               |
| Counseling and Auxiliary Services                             | 16,045,600              | 16,038,600              |
| Department Scholarship Program                                | 1,123,500               | 1,089,500               |
| Family Centered Services Initiatives                          | 15,540,100              | 15,575,400              |
| Family Preservation Program                                   | 26,589,000              | 25,695,600              |
| Foster Care and Adoption Care Training Services               | 5,703,600               | 6,493,300               |
| Foster Homes and Specialized Foster Care                      | 317,852,500             | 300,952,600             |
| Health Care Network   | 3,890,800               | 3,865,800               |
| Institution and Group Home Care and Prevention                | 189,991,300             | 200,208,400             |
| Juvenile Justice Title IV-E                                   | -                       | 309,600                 |
| MCO Technical Assistance and Program Development              | 1,297,800               | 1,376,100               |
| Pre-Admission/Post Discharge Psychiatric Screening            | 2,722,400               | 2,914,200               |
| Protective/Family Maintenance Day Care                        | 23,766,600              | 23,781,500              |
| Psychological Assessments, include Operations, Admin Expenses | 2,711,700               | 2,736,200               |
| Services Associated with the Foster Care Initiative           | 6,543,100               | 7,148,500               |
| Tort Claims   | 4,728,700               | 167,400                 |
| Youth in Transition Program                                   | 769,400                 | 865,600                 |
| <b>Total from Awards and Grants</b>                           | <b>\$ 795,364,300</b>   | <b>\$ 786,839,000</b>   |
| <br>  |                         |                         |
| <b>Total Expenditures from Grants &amp; Funds</b>             | <b>\$ 1,084,822,300</b> | <b>\$ 1,076,271,600</b> |

\*From FY17 & FY18 budget books

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**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**APPENDIX E**

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|   | <b><u>Cash Receipts</u></b>  |                              |                              |
|---|------------------------------|------------------------------|------------------------------|
|   | <b><u>FY18</u></b>           | <b><u>FY17</u></b>           | <b><u>FY16</u></b>           |
| General Revenue Fund                    |                              |                              |                              |
| Child Welfare                           | \$ 13,000,000                | \$ 12,215,909                | \$ 14,083,333                |
| Miscellaneous                           | 22,696                       | 31,335                       | 331,372                      |
| Parental Care & Maintenance of Children | 2,740                        | 4,033                        | 29,038                       |
| Children's Services Fund                | 303,365,653                  | 370,629,427                  | 382,522,216                  |
| Federal Projects Fund                   | 3,316,155                    | 3,638,409                    | 4,439,754                    |
| Special Purpose Fund                    | 474,801                      | 477,322                      | 38,352                       |
|   | <hr/>                        | <hr/>                        | <hr/>                        |
| <b>TOTAL CASH RECEIPTS</b>              | <b><u>\$ 320,182,045</u></b> | <b><u>\$ 386,996,435</u></b> | <b><u>\$ 401,444,065</u></b> |

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**REVIEW: 4502**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**TWO YEARS ENDED JUNE 30, 2018**

**APPENDIX F**

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**Summary of Property and Equipment**

|                                  | <u>FY18</u>          | <u>FY17</u>          |
|----------------------------------|----------------------|----------------------|
| <b>Beginning Balance, July 1</b> | <b>\$ 22,840,603</b> | <b>\$ 23,591,782</b> |
| Additions                        | 385,711              | 644,794              |
| Deductions                       | <u>(1,240,629)</u>   | <u>(1,395,973)</u>   |
| <b>Ending Balance, June 30</b>   | <b>\$ 21,985,685</b> | <b>\$ 22,840,603</b> |

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