

Review: 4445
Statewide Single Audit
Year Ended June 30, 2014
Department of Children and Family Services

FINDINGS/RECOMMENDATIONS – 6

Repeated – 3

Implemented – 2

Accepted and Partially Implemented – 2

Accepted – 2

14-25. The auditors recommend DCFS implement procedures to ensure adoption assistance subsidy payments are consistent with the approved subsidy payment amount in the adoption assistance agreement.

Findings: DCFS made recurring payments of adoption assistance benefits that were not properly supported by adoption assistance agreements.

During testwork of adoption assistance beneficiary payments, auditors reviewed 50 case files and related benefit payments (totaling \$31,099) for compliance with eligibility requirements and allowability of related benefits. Auditors noted two beneficiary assistance subsidy payments sampled were greater than the subsidy amounts documented in the approved adoption assistance agreements, resulting in an overpayment of \$12.96 during the year ended June 30, 2014.

In discussing these conditions with DCFS officials, they stated the rates actually paid are correct since they were the rates in place and in the payment system when the children were last paid while in foster care and that the amounts were rounded (cents dropped) when the agreements were manually prepared.

Updated Response: Implemented. The two cases identified by the auditor involved cases each had differences that totaled less than one dollar and the rates actually paid were correct since they were the rates in place and in the payment system when the children were last paid while in foster care and that the amounts were rounded (cents dropped) when the agreements were manually prepared. The incidences in the two cases predate already established procedural changes in the process for processing adoption assistance agreements. In the last several years the Department implemented the CFS 1800-P in which rates are verified before being recorded in the agreement. Further, *the Department modified the agreements of the two adoptive children noted.*

14-26. The auditors recommend DCFS establish procedures to accurately report federal expenditures used to prepare the SEFA to the IOC.

Findings: DCFS did not accurately report Federal expenditures under the Promoting Safe and Stable Families, Child Welfare Services, Foster Care – Title IV-E, and the Adoption Assistance programs.

DCFS inaccurately reported federal expenditures which were used to prepare the schedule of expenditures of federal awards (SEFA) to the Illinois Office of the Comptroller (IOC). Specifically, auditors noted the following adjustments were made to SEFA expenditures reported for the year ended June 30, 2014:

Program	Amounts Reported on the SEFA	Amounts per DCFS' Records	Difference
Promoting Safe and Stable Families	\$29,303,000	\$16,155,000	\$13,148,000
Child Welfare Services – State Grants	4,961,000	10,166,000	(5,205,000)
Foster Care – Title IV-E	184,649,000	190,272,000	(5,623,000)
Adoption Assistance	78,026,000	84,695,000	(6,669,000)

In discussing this with DCFS officials, they stated the Department initiated a new procedure in fiscal year 2014 to reconcile federal receivables and expenditure schedules for each program and adjustments to beginning balances were necessary for differences that occurred in prior years.

Updated Response: Implemented. The Department changed its procedure in FY14 after the initial SEFA was submitted and reconciled the expenditures with federal receivables and beginning balances, by program, and, as a result, the adjustments were absorbed in the current year. New procedures were established to perform the reconciliation on a regular schedule.

14-27. The auditors recommend DCFS implement procedures to ensure: (1) reconciliations are performed to an appropriate level of precision, (2) all reconciling items are researched and resolved, and (3) supervisory reviews are performed and documented.

Findings: DCFS does not have an adequate process to reconcile its cash balances to the records of the Illinois Office of the Comptroller (IOC).

During testwork over the monthly cash reconciliation process, auditors noted DCFS had not completely reconciled its records to those of the IOC on a monthly basis. Specifically, auditors noted the following unreconciled differences that were not explained by DCFS:

Month	Cash Balance per DCFS Records	Cash Balance per IOC Records	Reconciled Items, net	Unreconciled Difference, net
January 2014	\$45,486,623	\$45,641,441	\$123,069	\$31,749
February 2014	20,241,319	22,332,665	2,091,348	(2)
March 2014	32,892,963	33,560,292	726,535	(59,206)
April 2014	35,056,582	34,705,321	(282,356)	(68,905)
May 2014	25,791,546	26,454,183	765,834	(103,197)
June 2014	30,263,999	30,695,315	530,033	(98,717)

Additionally, supervisory reviews were not performed on these reconciliations.

In discussing these conditions with DCFS officials, they stated the Department has a procedure to regularly reconcile the accounts and has been investigating differences identified through that process.

Updated Response: Accepted. The Department is in the process of reviewing existing procedures and will change, as needed, those procedures necessary to make sure the monthly reconciliations are complete and accurate; and, retrain individuals on the duties and responsibilities for the tasks as needed. The preparer and the reviewer will be required to sign off on the reconciliations and maintain it for an appropriate period.

14-28. The auditors recommend DCFS stress the importance of preparing and completing the initial service plans timely to all caseworkers to comply with federal requirements. (Repeated-1999)

Findings: DCFS did not prepare initial case plans in a timely manner for Child Welfare Services beneficiaries. The case plan is the written documentation of the services planned for each child taken into protective custody.

During a review of 40 case files selected for testwork, auditors noted four of the initial case plans were completed within a range of 5 to 82 days over the 60-day federal requirement.

In discussing these conditions with DCFS officials, they stated timely preparation of case plans is always a concern. Unfortunately, due to staff changes and reductions, placement changes, and coordination with other internal agency procedures and agencies including law enforcement, there are times when case plans are not completed within the established time frames; however, service delivery is not delayed just because a service plan has not been formally written. Services are put in place regardless of whether there is a written service plan; a plan is finalized/completed only when all input is made to the document.

Updated Response: Accepted and Partially Implemented. The Department continues to make improvements in timely preparation of initial case plans. While IDCFS was found to be out of compliance this recent finding was applicable to only four cases. This improvement is a result of a corrective action plan that was implemented in prior years to more closely monitor and to employ system updates that include the development of the

performance based contracting dashboard. The Department anticipates continued improvement in this area.

14-29. The auditors recommend DCFS implement procedures to ensure access to its information systems is adequately secured and to generate a complete list of program changes from its information systems and applications. Additionally, the auditors recommend DCFS address processes relative to users employed by provider organizations. (Repeated-2012)

Findings: DCFS does not have controls over systems used to document beneficiary eligibility determinations or to record program expenditures.

DCFS utilizes a federal claiming system to determine which expenditures can be claimed under the various federal programs. Reports generated from the system are used to calculate the amount of expenditures claimable for federal reimbursement and to prepare the quarterly claim reports.

During testwork, auditors noted DCFS was not able to generate a list of changes made to its information systems directly from each application. DCFS was able to provide a list of changes from the mainframe source control library and from the database used to track system changes; however, DCFS could not reconcile the changes on these two listings. Accordingly, auditors were unable to determine whether the lists of system changes provided by DCFS during the audit were complete.

In addition, auditors noted DCFS does not have procedures in place to review access rights for users at provider organizations who have been contracted to assist DCFS in performing and documenting case work. DCFS's IT policies do not currently address users with organizations outside of DCFS.

In discussing these conditions with DCFS officials, they stated the Department has the ability to manually generate, upon request, a list of programs that were changed and any selected detail requested.

Updated Response: Accepted and Partially Implemented. While the Department has the ability to generate, upon request, a list of programs that were changed and any selected detail requested, we have created a cross reference to tie the PDF move sheets to the library change. We are still working on automating the process. We hope to have this completed by late August 2015.

14-30. The auditors recommend DCFS implement procedures to ensure subawards are accurately reported within time frames required by Federal Funding Accountability and Transparency Act (FFATA). (Repeated-2012)

Findings: DCFS did not report information required by the Federal Funding Accountability and Transparency Act (FFATA) for awards granted to subrecipients of the Foster Care and Adoption Assistance programs within required time frames.

FFATA requires the State to report certain identifying information related to awards made to subrecipients be submitted no later than the last day of the month following the month in which the subaward or modification was made. During testwork over the FFATA reporting requirements, auditors noted DCFS submits information required by FFATA on a quarterly basis after the submission of the quarterly claims for the Foster Care and Adoption Assistance programs, rather than by the last day of the month following the month of the subaward.

In discussing these conditions with DCFS officials, they stated guidance on the reporting requirements relative to the Foster Care and Adoption Assistance programs has not been clear. Because these awards are posted quarterly versus annually on the reporting system by USDHHS and amounts to be claimed for reimbursement are only known after the completion of the respective quarter, DCFS reports each quarter after the claim has been determined. DCFS is unable to report contract obligations made for the entire year at the start of each fiscal year since they are based on state funded appropriations, not federal awards, of which only a portion may be federally reimbursed after the service has been provided, paid for, and federally claimed.

Updated Response: Accepted. While the Department is reporting actual expenditures after filing a claim, which is our best estimate of the quarterly obligations, we will continue to seek a method whereby we would be able to report obligations within the time limits required by the Federal Funding Accountability and Transparency Act. The Department agrees that information required by FFATA should be reported and will continue to seek direction from the federal government of how best to meet their expectations. Additionally, the Department will inform the auditor as more information on reporting requirements becomes available to arrive at consistent reporting criteria and continue discussions each year.