

# LEGISLATIVE AUDIT COMMISSION



Performance Audit of the  
DHS Oversight of the CILA Program

July 2018

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**Performance Audit  
of the DHS  
Oversight of the CILA Program**

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**RECOMMENDATIONS – 26**

**Accepted and Partially Implemented – 10  
Implemented – 13  
Not Accepted – 3**

On March 15, 2017, the Illinois House of Representatives adopted Resolution Number 34 which directed the Auditor General to conduct a performance audit of the oversight of the Community Integrated Living Arrangements (CILA) program at the Department of Human Services (DHS) to include the following:

- Review of the process for licensing;
- Determine whether oversight and monitoring comply with statutes and regulations;
- Review transition from State Operated Developmental Centers (SODC) to CILAs;
- Review role of Community Resource Associates (CRAs) in transition and support;
- Review the status of Money Follows the Person (MFP) initiative; and
- Review DHS procedures for complaints against CILA licensees and any actions taken.

A CILA is a living arrangement which promotes residential stability for an individual who resides in his or her own home, in a home shared with others, or in the natural family home and who is provided with an array of services to meet his or her needs. The Community Services Act (405 ILCS 30) directs DHS to assume leadership in facilitating an array of services for persons with mental health and/or developmental disabilities that will strengthen the individuals' self-esteem, participate in and contribute to community life, and prevent unnecessary institutionalization. DHS funds CILA services for persons with developmental disabilities and for persons with mental illness. Overall, for the period FY12-FY16:

- DHS expended over \$2 billion on the CILA program, a 36% increase during the period.
- 97% of those expenditures were for clients that received CILA services related to developmental disabilities (DD) issues.
- Mental health (MH) served clients, which are financed through grants to community agencies, experienced a drop in overall expenditures from \$11.9 million in FY12 to \$11.2 million in FY16.
- CILA program participation for DD clients increased during the audit period by 23% while MH served clients decreased by 17%. The table on the following page breaks down CILA expenditures during the audit period.

DHS utilizes multiple organizational units to oversee the CILA program. These units include: the **Bureau of Medicaid Waiver Programs** which oversees the federal waiver which allows individuals to choose CILA services; the **Bureau of Community Services**

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which interfaces with providers of the CILA program on a daily basis; the **Bureau of Quality Management** that reviews CILAs for purposes of ensuring compliance with the federal home and community-based waiver; the **Bureau of Accreditation, Licensure and Certification** licenses CILAs and is responsible for surveys to ensure compliance with DHS Rule 115, the CILA Rule; and the **Office of the Inspector General** which investigates allegations of abuse, neglect and financial exploitation.

<b>COMMUNITY INTEGRATED LIVING ARRANGEMENT STATISTICS FY12-FY16</b>						
<i>Year</i>	<i>#DD Clients</i>	<i>#MH Clients</i>	<i>Total Clients</i>	<i>DD Expenditures</i>	<i>MH Expenditures</i>	<i>Total CILA Expenditures</i>
FY12	9,549	448	9,997	\$331,385,189	\$11,904,197	\$343,289,386
FY13	10,051	433	10,484	\$363,791,261	\$11,809,878	\$375,601,139
FY14	10,611	413	11,204	\$402,921,202	\$11,809,878	\$414,731,080
FY15	11,639	384	12,023	\$435,256,013	\$11,377,038	\$446,633,051
FY16	11,737	371	12,108	\$455,001,721	\$11,208,167	\$466,209,888
<i>Totals</i>			\$1,988,355,386	\$58,109,158	\$2,046,464,544	

Source: OAG developed from DHS information.

### **Report Conclusions**

Auditors found weaknesses in DHS' licensing process including failures to:

- publish accurate survey data;
- complete timely annual reviews;
- accurately account for notices of violation in its database;
- complete all surveys, require plans of correction, and approve all plans of correction; and
- exercise ability to revoke a CILA license.

Auditors found weaknesses in DHS oversight and monitoring of the CILA Program including failures to:

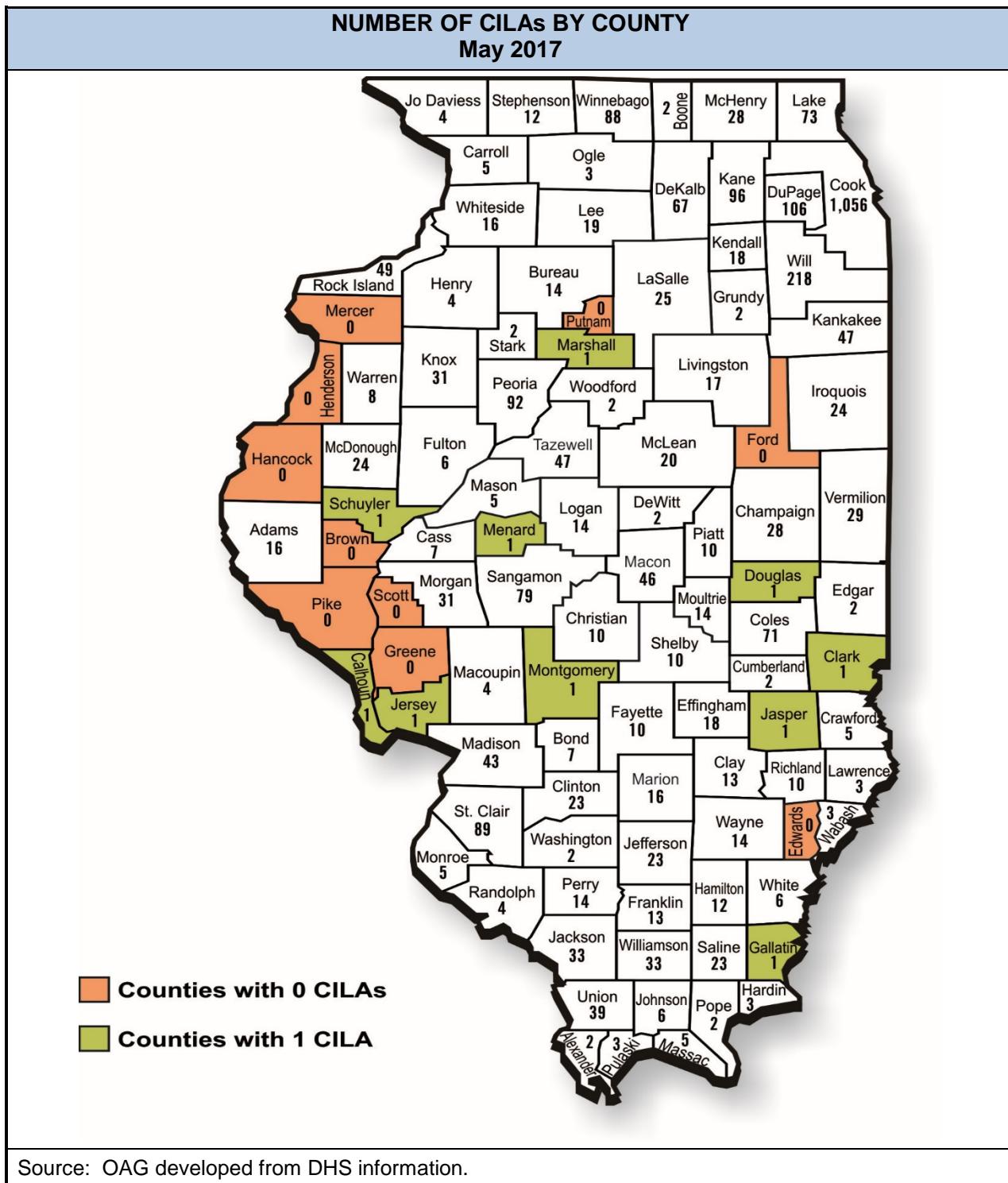
- conduct all CILA reviews by the Bureau of Quality Management (BQM);
- monitor CILA residents' personal funds by DHS;
- maintain supporting documentation for community placement interest by individuals at SODCs;
- share findings from DHS bureaus/offices with licensing staff; and
- recover funds from CILA providers not providing services for which they were paid.

There was a lack of documentation to support that all required transition visits were conducted for individuals that transitioned to CILA from SODCs.

DHS utilized Community Resource Associates (CRA), on a decision from the Governor's Office from the previous administration, to assist in closing SODCs. Auditors found

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weaknesses in the oversight by DHS of CRA including questionable procurement strategies and failure to maintain documentation to support required CRA contractual deliverables. DHS paid CRA an additional \$233,000 for services already required by the contract.



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As of May 2017, there were 3,097 CILA locations around the State. Over one-third of all CILAs are located in Cook County. Ninety-two of the 102 counties in Illinois have some service level for CILAs. The sites served approximately 10,000 individuals. Digest Exhibit 3 illustrates the number of CILA sites in each county. Nearly 20% of the counties around the State of Illinois had either one CILA site or no CILA sites.

The report contains 26 recommendations directed to the Department of Human Services. According to updated responses to the audit from DHS, the Department has implemented 13 recommendations and partially implemented 10 recommendations. DHS disagreed with three recommendations.

### **RECOMMENDATIONS**

#### **1. DHS should comply with State law and develop a State Plan for the distribution of CILA services throughout the State of Illinois.**

**Finding:** DHS failed to develop a State plan for the distribution of CILAs around the State. Nearly 20% of the counties around the State of Illinois had either one CILA site or no CILA sites.

Initially, the Department disagreed with the recommendation. The Department believed that CILA services were distributed throughout the State in a manner that reflected the wants and needs of individuals receiving services.

Since the time of passage of the CILA Act, many other types of community options have been developed for the population served by the Division. The 2014 Centers for Medicare and Medicaid Services Rule governing Medicaid Waiver programs applies to the Home-Based Services (HBS) program, as well as other waiver programs such as CILA and Developmental Training. This Rule outlines the expectations that all recipients of Waiver funded services participate to the fullest extent possible in planning their services and experience the community to the same degree as all others in their community, regardless of disability.

**Auditor Comment:** *The CILA Act requires DHS to adopt a State Plan for the distribution of CILAs around the State. Auditors concluded that DHS, by its own admission, had not developed a State Plan. This failure to develop a State Plan is what illustrates DHS non-compliance with the CILA Act.*

#### **DHS Updated Response: Implemented.**

- Although the Division disagrees it is in violation of the CILA Act, the Division is taking action by proposing legislation to amend Section 10(a) of the CILA Act.

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- Senate Bill 2836 was introduced February 13, 2018 by Senator Dave Syverson. This Bill removes the language requiring the Department of Human Services to adopt a State Plan for the distribution of community-integrated living arrangements throughout the State, and makes related changes.
2. **DHS should take the steps necessary to ensure that information published on its public website relative to monitoring of the CILA program is complete and accurate. Additionally, DHS should comply with the Community-Integrated Living Arrangements Licensure and Certification Act and adopt rules for the posting of information.**

**Findings:** DHS failed to provide transparency for individuals and guardians regarding the information it published on licensure survey results for the CILA program. Auditors found multiple omissions in published data during FY12-FY16. Additionally, DHS has not adopted rules regarding posting of information.

Initially the Department partially agreed with the recommendation. During the summer of 2016, the Department became aware of discrepancies in data reported on its website, and thereafter took several steps to improve the quality of its data and report it accurately.

**Auditor Comment:** *The DHS response references a problem with Inspector General information that was identified by the Chicago Tribune. That inaccurate information was published by the Division of Developmental Disabilities, but the problem was corrected prior to the OAG starting this audit. Auditors identified inaccurately published licensing survey results to DHS on July 5, 2017. This predates the new BALC practice of February 20, 2018 by 230 days.*

### **Updated Response: Accepted and Partially Implemented.**

#### **Corrective Action Plan Completed:**

- The Bureau of Accreditation and licensure (BALC) database manager will provide updated survey results quarterly to the Division of Developmental Disabilities personnel for posting on the DDD webpage. This practice began 2/20/2018 and was followed by an update on 4/25/2018. Due to the creation of the Quality Scorecard, a link was added to direct readers to the scorecard for BALC results.

#### **Corrective Action Plan in Progress:**

- The Division of Disability Development (DDD) will work with BALC and DHS-Office of Inspector General (OIG) to draft language for an administrative rule relating to abuse/neglect/exploitation and other information on community providers.
- Once the above language is agreed upon, the BALC Process and Procedure Manual will be updated to include the process and frequency.

#### **Expected Implementation Date: 03/30/2020.**

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3. DHS should take actions necessary to make survey scoring documents consistent with criteria provided by the administrative rules.

**Finding:** The Bureau of Accreditation, Licensure and Certification (BALC) utilizes a survey scoring tool that is inconsistent with criteria for sanction and license revocation in administrative rules. The scoring tool fails to provide scoring for the lowest level of compliance as defined in rule. For the period FY12-FY16, BALC took action on only four license revocations.

Agencies with findings from Level 1 to Level 3 will be considered to be in good standing with DHS. Findings from Level 3 to Level 5 will result in a notice of violations, a Plan of Correction (POC) action and defined sanctions. Findings resulting in Level 6 will result in a notice of violations and defined sanction.

BALC has developed a scoring tool to utilize when conducting on-site surveys. However, this tool does not include all compliance levels, including the most severe compliance level as stated in the Illinois Administrative Code. Scoring totals are defined on the tool as:

- Level 1 = 100 percent;
- Level 2 = 93 percent to 99%;
- Level 3 = 80 percent to 92%;
- Level 4 = 70 percent to 79%; and,
- Level 5 = 0 percent to 69%.

Failure to utilize consistent scoring guidance for BALC surveys can create situations where the requirements of the administrative rules are not consistently applied and could create a situation where all CILA providers are not treated the same.

Initially, the Department disagreed with the recommendation.

**Updated Response: Implemented.**

- DDD and BALC meet monthly to discuss scores and other concerns that develop with Community Day Services and CILAs.
- BALC conducts bi-monthly meetings to address concerns that are raised by surveyors. Changes are made to the tool as required.

4. DHS should ensure that BALC, as the Bureau charged with licensing CILA provider agencies, receives all OIG investigative reports and findings as they relate to the CILA program. BALC should determine the necessary follow-up to ensure CILA provider agencies are compliant with the CILA Rule.

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**Finding:** During the period FY12-FY16, DHS failed to routinely provide BALC with OIG investigative findings and reports. BALC was not always aware of and could not follow up on OIG recommendations to the CILA provider agencies it licenses.

According to summary information published by DHS, the OIG substantiated 1,225 allegations of abuse/neglect/exploitation for CILA providers during the audit period.

During testing of 25 CILA community agencies in the licensing sample, auditors found the OIG substantiated or did not substantiate but had recommendations in a total of 492 cases during the audit period FY12-FY16. We found:

- In 54% (268 of 492) of the cases, there was no evidence in the files that BALC had knowledge of the cases. There was evidence of the OIG investigation, whether it was a plan of correction, intake, or other in 224 of the 492 (46%) cases.
- Of the 224 cases in BALC's files, evidence of follow-up was only found in 6 (3%) of the files.

Additionally, BALC's Process and Procedure Manual outlines the survey process which requires the lead surveyor to review an agency's previous year's closed BALC file. This review should include the most recent full or focus survey Notice of Violation (NOV) and Plan of Correction (POC), complaint NOVs and POCs, and OIG reports. In the February 27, 2017 revision to its Confidentiality Directive, OIG updated the language on routine distribution on investigative findings and reports to include BALC.

Initially, the Department disagreed with the recommendation. Since November of 2016 the Secretary's office convenes regular meetings among the OIG, DDD, and BALC in order to review data across these three domains and ensure communication lines are open. In addition, the BALC receives intakes, non-reportable referrals (soon after the report is made to the OIG) and approved written responses from the DDD, since November 2016. BALC then utilizes the information for necessary follow up.

**Auditor Comment:** *The DHS response references a new communication process after the audit period of FY12-FY16. Given that our sample of only 25 CILA provider licensing files at BALC found BALC was missing information on 54% of the OIG cases, and BALC only followed up on 3% of the cases it did have information on, we will follow up on this new process in a subsequent audit of DHS.*

**DHS Updated Response: Accepted and Partially Implemented.**

**Corrective Action Plan Completed:**

- On a weekly basis, OIG sends BALC all completed substantiated and unsubstantiated/unfounded with written responses investigative reports.
- OIG Directive INV 014 - Confidentiality was updated to reflect this change. Also referrals during OIG investigations are made to BALC and BQM when appropriate.

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- BALC has two employees who are responsible for reviewing the Survey Results Form (Notice of Violations – NOV) and entering data. The supervisors then conduct random samples to check for accuracy.
- The BALC database manager ensures the reports accurately reflect the entered information.

### **Corrective Action Plan in Progress:**

- BALC is in the process of updating the process and procedure manual to reflect these changes.

**Expected Implementation Date: 07/30/2019.**

### **5. DHS should ensure that all annual reviews are timely completed and require CILA provider agencies to timely submit annual renewal applications.**

**Finding:** In a sample of 25 CILA providers for the period FY12-FY16, DHS did not complete 5% (7 of 128) of the CILA provider agency annual reviews as required by the administrative rules for CILA. For the annual reviews that BALC did complete, 26% (31 of 121) were not timely. Additionally, DHS allowed CILA provider agencies to submit 12% (15 of 130) of renewal applications outside the timeframe required by the CILA Rule.

BALC granted extensions past the annual deadline for CILA programs at provider agencies when it was unable to timely complete the survey process. Further, there were instances where BALC granted 2 or 3 extensions which ultimately caused the annual review to be completed and combined with the following year's annual review.

Because CILA provider agencies are licensed on a multi-year cycle, BALC relies on these agencies to annually certify on their renewal applications that individuals are receiving the appropriate services and oversight. BALC's annual reviews are necessary for BALC to evaluate CILA provider agencies for compliance with the CILA Rule especially during the years when a survey is not required. Failure to complete an annual review may put clients in potential harm if services are not provided.

### **DHS Updated Response: Implemented.**

- The Bureau of Accreditation and Licensure (BALC) has been authorized to hire personnel in a position that had been vacant. The person will be responsible for data review and entry. They will also be responsible for corresponding with providers to ensure timely processing.

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### **6. DHS should:**

- Ensure all violations are issued to CILA providers when noncompliance with the CILA Rule is found;
- Take action against a provider's license when there are multiple repeat violations; and
- Maintain a complete and accurate NOV database that can be used during the survey process.

**Finding:** BALC used the survey process, including the issuance of Notices of Violations (NOVs) for noncompliance with CILA standards, to ensure CILA provider agencies were complying with established standards. However, auditors found BALC did not always issue citations for NOVs as defined in the CILA Rule. Additionally, BALC allowed CILA provider agencies to maintain their CILA licenses despite having repeat violations. Finally, the NOV database did not represent the actual number of violations.

### **DHS Updated Response: Implemented.**

- BALC began to conduct re-surveys of all violations noted. Once all violations are reviewed, the survey is rescored (for the purposes of assuring the agency has reached a level that is in good standing with the Department only), a new NOV is issued if there are repeated violations, and there is a focus survey within 12 months.
- The Bureau has posted the supervisor's positions in both Springfield and Chicago that will have the responsibility to complete the Quality Assurance (QA) process. There are temporary assignments in the positions at present.
- The BALC supervisors complete a QA review of a sample of providers' compliance survey results on a monthly basis.

### **7. DHS should ensure that BALC surveyors document when conditions are found that require immediate correction and follow policy and not complete the survey until those corrections are made by the CILA providers. Additionally, DHS should develop reporting requirements for providers to submit to verify corrections are made when plans of correction are not required.**

**Finding:** BALC survey documentation failed to indicate immediate corrections had been completed prior to completing licensing surveys. This failure is a violation of policy and can put CILA clients at risk of injury. Additionally, BALC does not verify that corrections to all violations of the CILA Rule are completed by providers, risking that clients remain in the same living arrangements for three years prior to conducting the next license survey.

During testing of 25 CILA community agencies in the licensing sample, auditors found that BALC was unaware of 54% (268 of 492) of the OIG substantiated cases or cases that were

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not substantiated but had recommendations. BALC only followed up on six cases that were in the files.

In the sample of 25 CILA providers auditors reviewed all the surveys conducted by BALC for the period FY12-FY16, as well as the timeframes immediately previous to and immediately after the audit period. Auditors found problems with the documentation to show whether conditions were corrected prior to the closing of the survey at the exit process.

BALC does not check to verify corrections are made. When a provider receives a Level 2 or higher survey score, BALC does not return to the provider, absent a complaint, for three years. This extended period is why it is important that corrections are made to violations.

### **DHS Updated Response: Implemented.**

- BALC corrected this process in 2017. The surveyor now denotes a repeated violation on the NOV by an asterisk being placed next to the standard number. The Face Sheet of the Survey Results Form (Notice of Violations) has also been updated to inform the reader of the denotation.
- BALC will update its process and procedure manual and inform providers of the requirement to attest that corrections were made and will be reviewed through the agency's QA process. The document will become part of the provider's file at the bureau. It will also inform providers that those corrections will be reviewed during the BALC onsite visit.

### **8. DHS should follow its required licensure survey process and ensure:**

- All surveys are timely completed;
- All plans of correction, when required, are timely submitted; and
- All plans of correction are approved.

**Additionally, DHS should consider having BALC conduct additional reviews when CILA providers merge with other providers.**

**Finding:** Audit testing found that BALC: did not complete or timely complete all surveys, did not require all Plans of Correction (POCs) to be submitted or be timely submitted by CILA provider agencies, and did not approve all POCs it received as required by the administrative rules. Additionally, auditors found some subjectivity and inconsistency in the BALC survey process.

To ensure public trust, BALC must meet standards on every occasion for every client. Auditors tested the BALC files for 25 CILA provider agencies to determine whether BALC followed its required survey process and found:

- BALC did not complete all of the surveys as required by Rule.
- For the surveys BALC did complete, 19% were completed in a timely manner.

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- 19% (19 of 98) of the surveys were not completed timely by BALC.
- BALC allowed CILA provider agencies to not submit all required POCs.
  - 7% (6 of 87) of the surveys required POCs which the CILA provider agencies did not submit.

Absent the timely completion of the survey process, BALC has no way of knowing whether CILA provider agencies are adhering to the standards set forth by the Department and whether those agencies should be partnering with the State to provide CILA services.

**DHS Response:** The Department accepts the recommendation. BALC's licensing process is a paper process. The process lacked the personnel needed to meet all requirements, but worked diligently to carry the load throughout the years. The State Statute has mandated onsite visits and documenting of reviews every two years instead of every three years. BALC has begun to issue two year licenses. It will also place merging agencies on its list of possible reasons to have health and safety inspections conducted on a no-survey year.

### **DHS Updated Response: Implemented.**

- BALC has hired an Administrative Assistant in Springfield.
  - BALC conducts Health and Safety Inspection procedures as a reason for a health and safety check during a "no survey" year.
- 9. DHS should take steps necessary to ensure all areas responsible for CILA Program oversight share information with BALC. Additionally, DHS should adopt rules to establish the process for when it will determine to initiate a review of a CILA provider and the timeframe to initiate that review.**

**Finding:** DHS has failed to adopt rules relative to establishing a process to determine when to review a CILA provider. This is a violation of the CILA Licensure and Certification Act. Additionally, BALC was not provided with some of the means to make that determination for the period FY12-FY16.

BALC uses a survey process to conduct reviews of licensed CILA agencies and their certified programs and services. Additionally, BALC may conduct other unscheduled reviews to investigate complaints. BALC uses these surveys to determine compliance with general agency requirements. While BALC may review a CILA agency, there is no process to initiate an overall review of a CILA agency's license and other information pertinent to a CILA agency's license was not always available to BALC, the Bureau charged with licensing these agencies.

BALC allows CILA providers with a history of the same violations to continue to operate. All the while, whether a provider fixes violations or not, the clients served at these CILAs live in dangerous conditions.

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**DHS Response:** The Department disagrees with the recommendation. Since November 2016, the IDHS Secretary has convened meetings with BALC, DDD and the OIG in order to ensure the sharing of information and to maintain open lines of communication. These meetings were scheduled every two weeks initially and one of the results was the Quality Scorecard.

BALC schedules its surveys according to expiration. Surveys can be and are conducted as a result of complaints. At minimum, a health and safety inspection is conducted as result of a complaint. Both may issue a notice of violation or higher sanction if warranted.

**Auditor Comment:** *Based on its response, DHS apparently missed the point of the recommendation to comply with the CILA Act and develop rules on when to conduct licensing surveys when there are CILA providers with multiple violations or OIG allegations. We believe the CILA Act provides strong controls for DHS in oversight of the CILA Program with which DHS should consider complying.*

#### **DHS Updated Response: Not Accepted.**

- In November 2016, the Office of IDHS Secretary convened a meeting with BALC, DDD and OIG to ensure the sharing of information and to maintain open lines of communication. These meetings were scheduled every two weeks and one of the end products was the Quality Scorecard.
  - BALC schedules its surveys according to expiration. Surveys can be and are conducted as a result of complaints. At minimum a health and safety inspection is conducted as a result of a complaint. Each produces a notice of violations or higher sanctions if warranted. BALC believes that this violation should be removed.
  - The Office of Contract Administration (OCA) includes DDD CILA provider agencies in annual risk analysis and assignment for on-site fiscal administrative reviews. In FY2017, 46 CILA providers received on-site review.
  - OCA will update annual risk analysis to add DDD CILA agencies that have not been reviewed or not reviewed in several years as risk factors.
10. **DHS should enforce the license revocation section of the CILA Rule and should document why DHS would enter into settlement agreements when conditions have been found that necessitate license revocation.**

**Finding:** DHS failed to enforce CILA rules by not seeking revocation of provider licenses in cases where sections of the CILA Rule were violated. An examination of a sample of CILA providers found instances where BALC cited providers for falsified records, failure to correct deficiencies, and refusal to participate in or permit the BALC survey process. Rather

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than revoke the CILA licenses, BALC either allowed the providers to remain in the program or entered into settlement agreements, agreements which were not always followed.

Revocation of the agency's license to provide CILA services occurs at Level 6 compliance, and according to the CILA Rule, shall occur as a result of an agency's consistent and repeated failure to take necessary corrective actions to rectify documented violations, and/or the agency's failure to protect clients from situations that produce an imminent risk.

The Rule allows DHS to revoke a license for several reasons which include but are not limited to: failure to correct deficiencies or submit a POC in response to violations cited during the survey process; submission of false information by a CILA provider; and refusal by a CILA provider to participate in the survey process.

According to documentation submitted by BALC, during the period FY12-FY16 BALC took action on license revocation for four providers of CILA services.

During audit testing of a sample of 25 CILA providers, auditors found instances with multiple providers where BALC cited providers during the survey process for violations related to license revocation, yet BALC did not follow through with the revocation even after it appeared the citations were severe enough to warrant such action.

The General Assembly has given DHS tools to operate and oversee the CILA program. Among those tools are the rules for revocation of provider licenses when the circumstances exist to show a violation. Refusal to utilize the tools results in situations where individuals living in a CILA environment may be placed at risk due to these provider violations which BALC is aware of but has not acted to enforce.

Initially, the Department disagreed with the recommendation.

**Auditor Comment:** *Administrative Rule provides DHS the tools necessary to revoke a license when CILA providers take actions detrimental to the individuals they serve, such as failing to fix noted problems, providing false information to surveyors and refusing to participate in the survey process. DHS should document why it is not revoking a license when conditions exist that could support revocation.*

### **DHS Updated Response: Implemented.**

- At the time that BALC entered into the settlement, there was a different OCAPS Manager, who was also the Acting Bureau Chief of BALC. The current chief was informed of the settlement, and not a part of the process. The Bureau has since acted when necessary to ensure the health and safety of individuals including recommendation for revocation of a license.

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11. DHS should formalize the look back reviews into policy, procedure, or rule. Additionally, DHS should ensure that the Bureau of Quality Management (BQM) conducts CILA reviews of all CILA providers in accordance with practice.

**Finding:** The Bureau of Quality Management (BQM) failed to conduct CILA reviews on 50 providers of CILA services during the period FY12-FY16. Twenty-three of the providers were in the CILA program for at least three years during the audit period. These 23 providers received \$47,508,399 from DHS for CILA services.

BQM is a bureau within the DDD that reviews CILAs for purposes of ensuring compliance with the federal home and community-based waiver program. BQM also addresses and follows up on complaints received by DHS that do not amount to abuse, neglect or financial exploitation.

Failure of BQM to conduct CILA reviews on all CILA providers is a violation of DHS practice. Further, significant funding for the CILA program is expended at these providers that have gone without review by BQM. Finally, when CILA providers are not included in BQM reviews at all, there is a lack of oversight of those agencies by DHS.

Initially, the Department partially agreed with the recommendation....The Bureau of Quality Management (BQM) has provided the Office of the Auditor General with documentation supporting the disagreement. However, the OAG has made a decision to draw a different conclusion with which the Division disagrees. The disagreement appears to stem from a division reorganization that took place in May 2016.

Also, there is currently no rule or formal direction that requires BQM to make visits every three years. This was a practice that was recommended by a former bureau chief at a time when BQM's workload was less intense.

**Auditor Comment:** DHS is inaccurate with respect to the disagreement with auditors being the division reorganization that took place in May 2016. Auditors provided DHS exceptions to the practice of BQM conducting a CILA review every three years....

**DHS Updated Response:** Accepted and Partially Implemented.

### **Corrective Action Plan in Progress:**

- The Division of Developmental Disabilities will develop and communicate a policy or procedure to formalize back reviews;
- The Division of Developmental Disabilities' Bureau of Quality Management has taken the lead on drafting the policy.

**Expected Implementation Date: 07/30/2019.**

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**12. DHS should take the steps necessary to ensure that BQM shares its CILA oversight results with BALC.**

**Finding:** BQM does not routinely share the results of its oversight activities with the BALC. The sharing of this information could be beneficial to BALC in decisions to conduct well-being checks or modify its survey schedule of CILA providers.

BALC is responsible for licensing CILAs and conducting surveys to ensure compliance with the CILA Rule. Organizationally, BALC is located in the Division of Clinical, Administrative, and Program Support within DHS. BALC is the organizational unit that can take action to revoke the CILA license of a provider.

BQM is housed within DDD and reviews CILAs for purposes of ensuring compliance with the federal home and community-based waiver. BQM staff seek to confirm that all services listed in the service plan were provided as listed.

Auditors compared the reviews conducted by BQM to the BALC files and found a number of issues BQM found which were not maintained in the BALC files. These issues included medication problems, lack of background checks, issues with service plans, and the inability to verify that staff training was completed.

Having access to these BQM oversight activities could allow BALC to utilize the information to check identified violations and to review the provider's processes system-wide to confirm if the issue was isolated or systemic. Additionally, the sharing of information could assist in ensuring the health and safety of, and provision of quality services to, recipients.

Initially, the Department disagreed with the recommendation.

**Auditor Comment:** *It appears that while DHS disagrees with the recommendation it has taken action to address concerns noted during the audit period. Additionally, we would point out that on March 1, 2018, a BALC official, as stated in the report, responding to an auditor question stated the Bureau "may receive a complaint from the Division [of Developmental Disabilities] regarding major concerns they found at a home/site....It is not routine, that BALC receives reports."*

**DHS Updated Response: Implemented.**

- BALC and DDD had addressed this finding prior to the release of the OAG report. Monthly BALC/BQM meetings have been in place for approximately 1 year. The Bureaus' share information regarding issues with providers and other pertinent operational information.

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- 13. DHS should incorporate testing of individuals' personal funds maintained by CILA providers during monitoring activities. Additionally, DHS should ensure that BALC has access to all pertinent Department reviews when conducting licensing reviews.**

**Finding:** DHS does not monitor CILA residents' personal funds maintained by the CILA providers. Even though questions concerning client funds were discovered by the OIG and OCA during the audit period it does not appear that the unit tasked with licensing of CILAs, BALC, conducted any follow-up or was aware of problem CILA providers.

BALC, within the Division of Clinical, Administrative, and Program Support, licenses CILAs and is responsible for surveys to ensure compliance with the DHS Rule 115, the CILA Rule. As of June 2016, BALC had 35 total positions with 18 vacant titles. Additionally, BALC would be responsible for revoking licenses of community agencies it finds to be in violation of CILA rules.

Auditors selected a judgmental sample of 25 CILA providers and tested for providers that had any OIG investigations that resulted in recommendations to determine whether information from those OIG investigations was maintained in the BALC files and whether BALC did any follow-up to the OIG results.

Auditors also examined the OIG cases for those that were relative to client funds and found:

- The 25 CILA providers had 484 total OIG cases that resulted in allegation substantiation or had cases where the allegation was unsubstantiated/unfounded but OIG issued recommendations to the CILA agency.
- 15 of the cases were related to the issue of financial exploitation of the CILA resident.
- 7 of the cases were related to exploitation of the CILA resident.
- For 64% of the financial exploitation/exploitation cases (14 of 22) there was no evidence of the OIG cases in the BALC files for the CILA provider.
- For the eight financial exploitation/exploitation cases that were in the BALC files there was no evidence that BALC had conducted any follow-up for the cases.

For the sample of 25 CILA providers, auditors requested all Office of Contract Administration (OCA) reviews for the period FY12-FY16. Overall, 48% of the sample (12 of 25) received an OCA administrative review. Auditors discovered that 58% of the CILA providers that had a review (7 of 12) had a finding related to oversight of client funds.

An OCA official reported that administrative reviews conducted by OCA are not sent to BALC. If BALC does not have the reviews which identify which CILA providers have weaknesses in client fund management, BALC cannot efficiently address the oversight during its survey process.

Client funds are not audited because it appears that no entity within DHS has oversight responsibility for the area. Additionally, while OIG started submitting information on its

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reports to BALC in FY17, there is still no requirement for OCA to forward the results of its reviews to BALC.

State statute provides guidance for the protection of CILA client funds. Failure to develop an oversight mechanism by DHS can leave those client funds unprotected.

### **DHS Updated Response: Implemented.**

- The Office of Contract Administration (OCA) has always reviewed a sample of individual personal funds in on-site fiscal administrative reviews of DDD CILA agencies;
- BALC has included 3 new questions about funds and issuance in interviews with provider staff, guardians, and the clients. BALC reports violations to OIG according to the Rule 50 A/N/E mandate.

### **14. DHS should take the steps necessary to be able to verify the SODC individuals that comprise the Tier Reporting system.**

**Finding:** DHS failed to maintain supporting documentation for community placement interest by individuals that reside in SODCs. Due to this lack of documentation auditors were unable to determine whether Community Resource Associates (CRA) was conducting activities only on individuals that were actively pursuing transition to CILA. CRA was paid almost \$6.1 million by DHS for the period FY12-FY16.

DHS, on a yearly basis, publishes information on its website about interest in community placement by the individuals that may or may not be seeking transition into a CILA. Known as Tier Reports, the reports present how many individuals and/or their guardians are actively pursuing community transition (Tier 1), have conditions that prevent CILA transition (Tier 2), and instances where the individuals do not want community placement (Tier 3). Between FY12 and FY16 an average of 183 individuals and/or their guardians were pursuing community transition each year.

DHS hired a contract firm from 2012 to 2015, CRA, to assist in closing SODCs as part of the Governor's Rebalancing Initiative. CRA was paid almost \$6.1 million for services by DHS. Overall, CRA was involved in 100 transitions from seven of the SODCs (not including the Jacksonville Developmental Center) while working for DHS. Additionally, auditors found 190 additional files where CRA provided services yet the individuals were not reported as transitioned by DHS.

Given that CRA was supposed to be working on SODCs that were identified for closure by DHS, and DHS could not provide documentation to demonstrate those closures, auditors attempted to determine whether CRA was conducting activities on individuals that either had conditions preventing community placement or individuals that were not seeking community

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placement. However, DHS officials were unable to provide the names behind the numbers in the Tier Reports.

Initially the Department disagreed with the recommendation.

### **DHS Updated Response: Implemented.**

- The Division updates the tier information on the OneNet, but these are fluid numbers. The Office of Auditor General faulted the Department because the Division could not provide the backup for the information posted on the website two years earlier. These numbers are reviewed by SODC Operations Management before they are posted to ensure accuracy. The Department maintains documentation to support the current Tier information on OneNet.
- 15. DHS should review the process for how the Office of Contract Administration (OCA) is directed to review CILA providers to determine whether there should be formal procedures for requested reviews. Additionally, DHS should ensure that OCA fiscal/administrative review results are submitted to BALC.**

**Finding:** DHS does not require organizational units that have oversight of the CILA program to always share information that could be beneficial to monitoring efforts. OCA does not provide the results of its fiscal/administrative reviews with the DHS unit that has authority to revoke the license of a non-performing CILA provider, the Bureau of Accreditation, Licensure and Certification (BALC). OCA, which is organizationally within the operations area within DHS, has some oversight responsibility for the CILA program.

In discussing CILA oversight with OCA officials on June 23, 2017, officials reported:

- There was no coordination of CILA oversight by OCA and other DHS organizational units like BALC and BQM.
- OCA only gets involved with the CILA program if DDD or DMH requests that closeout procedures be conducted.
- OCA does issue findings as a result of its reviews and those findings are forwarded to DDD, but what DDD does or does not do with them is not known to OCA.

OCA findings could identify areas where BALC may want to focus review efforts. However, BALC is unaware of those findings because they are not shared.

Failure to supply BALC with the results of OCA fiscal/administrative reviews may inhibit BALC's ability to conduct licensing oversight. The results of the OCA reviews may raise red flags to BALC as to issues that could affect the operation of a CILA provider.

### **DHS Updated Response: Implemented.**

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- OCA updated recipient list for on-site fiscal review reports to include BALC Chief and Surveyor Managers.

### **16. DHS should revise its administrative rules for CILA to coincide with federal guidance.**

**Finding:** DHS failed to revise administrative rules for changes made to the CILA program. These changes were effective July 1, 2017. The failure by DHS resulted in community providers and Independent Service Coordinators (ISCs) operating under rules that were not consistent with federal guidelines.

The CILA program is partially guided by administrative rules, referred to as Rule 115, relative to program standards and licensure requirements (59 Ill. Adm. Code 115). These rules are mainly directed toward the providers of CILA services in the community and their responsibilities.

The Centers for Medicare and Medicaid Services published Home and Community-Based Regulations on January 16, 2014. These regulations became effective March 17, 2014. The regulations addressed three broad areas: conflict of interest free case management; person centered planning; and settings.

Effective July 1, 2017, in Illinois, Independent Service Coordinators (ISCs) began serving as the conflict of interest free case management entity and became responsible for the implementation of the person centered planning process. This directive by DHS was 1,200 days after the federal government regulations became effective. DDD did not provide one document to ISCs to demonstrate the changes to CILA; rather, everything was posted to DHS' website.

DHS contracts with 17 ISCs whose primary role is to work with the individual, family, and/or guardian to identify the most appropriate living arrangement, be it State-operated facility or CILA. Once the arrangement is decided upon, the ISC works to get the individual placed in the appropriate setting. If an individual is already in a State-operated facility but chooses to transition to a CILA, the ISC will work with the community agencies to find the setting that meets the needs of the individual. The 17 ISCs received over \$28 million for these services during the audit period.

Failure to revise administrative rules to match federal guidance creates uncertainty for the organizations that look to the rules as guidance for CILA program activity. Additionally, operating the CILA program under rules inconsistent with federal regulations risks the certification of the State's Medicaid waiver.

Initially, the Department partially agreed with the recommendation.

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**DHS Updated Response: Partially Implemented.**

**Corrective Action Plan in Progress:**

- The rules have been drafted and reviewed by the DDD Regulatory Advisory Board.
- The draft has been forwarded to the Department's Bureau of Administrative Rules and is currently undergoing the process for public notice. Following the public notice periods there will be an opportunity for a hearing before JCAR.

(2/28/19) – Following a review by DHS Office of General Counsel, the draft rules have been revised and clarified as suggested. The draft rules will undergo one final review of the DDD Regulatory Advisory Board and will then proceed to the Bureau of Administrative Rules for public notice.

**Expected Implementation Date: 1/1/2020.**

**17. DHS should not pay for services that are not provided to CILA clients by CILA providers. Additionally, DHS should consider implementing a formal process for recovery of CILA funds not spent in accordance with the CILA program.**

**Finding:** DHS did not seek recoupment from CILA providers when documentation appeared to show that individuals did not receive the services for which the provider was being paid. Evidence from DHS' own documentation showed that housekeeping, a service which is part of the rate, was lacking in some instances yet the provider was still paid the full rate. Recovery was also not conducted even when DHS documentation showed that providers had not been able to document that services were being implemented for individuals.

CILA providers by rule are required, at least monthly, to review the services plan and document in that plan:

1. Services are being implemented.
2. Services identified in the services plan continue to meet the individual's needs or require modification or change to better meet the individual's needs.
3. Actions are recommended when needed.

Auditors questioned whether the State is actually receiving all of the services for which it is paying when agencies such as Center for Disability Services was cited by BALC in five consecutive surveys for failure to implement services that are part of an individual's service plan.

The CILA Rule requires providers to ensure that:

- A) Living arrangements shall be safe and clean within common areas and within apartments over which the agency has control.

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- B) Living arrangements shall be free from vermin.
- C) Waste and garbage shall be stored, transferred and disposed of in a manner that does not permit the transmission of diseases.

In an example from testing, BALC cited Neumann Family Services 39 times in seven different surveys for failure to make living arrangements safe and clean.

Auditors asked a BALC official about recovery of funds for the above deficiencies in the services plan. Auditors asked a DDD official for a list of names of community CILA providers where DDD had taken action to recover funds.

- 77 days after the original request for recovery information, the DDD official referred auditors to DHS' Office of Contract Administration.
- Auditors contacted OCA and received the following response regarding fund recovery: "*OCA does not close out or recover any funding from the DDD CILA program (these are not considered to be Grant Funds but Fee for Service).*"

Failure to require repayment for CILA services not provided increases the likelihood that State dollars were not spent in accordance with the Medicaid Waiver Program or may not have served the purposes and goals of the CILA program. Further, when CILA funds are not appropriately spent, individuals participating in the CILA program are not receiving the services they need to be successful in the community.

Initially, the Department partially agreed with the recommendation.

### **DHS Updated Responses: Accepted and Partially Implemented.**

#### **Corrective Action Plan in Progress:**

- The Division will work with the Bureau of Accreditation and Licensure (BALC) and others within the Illinois Department of Human Services to develop a structure for ensuring providers utilize funding for purposes intended.

**Expected Implementation Date: 7/30/2019.**

- 18. DHS should review exceptions noted by auditors and take the steps necessary to ensure that ISCs conduct all required visits to those that transition from an SODC to a CILA. Additionally, in its review DHS should determine whether ISCs billed for any follow-up visits that do not have supporting documentation and seek reimbursement for any cases that were paid yet lacked support.**

**Finding:** DHS failed to ensure that Independent Service Coordinators (ISCs) maintained documentation on all required visits to individuals that transitioned from an SODC to a CILA. A sample testing of available documentation found that ISCs **only conducted 62% of the required weekly visits** to the individuals in CILAs. Additionally, ISCs **only conducted 82%**

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**of the required monthly visits** to the individuals in CILAs. And finally, ISCs conducted 91% of the required quarterly visits to the individuals in CILAs.

ISCs were required to document the visits with individuals that transitioned to CILAs from the SODCs. Some of the additional information from the testing results of 50 transitions to CILAs found:

- 16 of 50 individuals (32%) **received all** the required weekly visits from ISC staff.
- 18 of 50 individuals (36%) **received none of the required weekly visits** from ISC staff.
- 10 of 50 individuals (20%) **received all** the required monthly visits from ISC staff.
- 2 of 50 individuals (4%) **received none of the required quarterly visits** from ISC staff.

Follow-up visits are instrumental in ensuring individuals' success in transitioning from SODCs to CILA services. Failure to conduct all required visits increases the likelihood that the transition could fail.

**DHS Updated Response: Accepted and Partially Implemented.**

**Corrective Action Plan in Progress:**

- The Division will review exceptions noted by the auditors and determine whether ISCs conducted all required visits to those that transitioned from an SODC to a CILA.
- The Division will then determine whether ISCs billed for any follow up visits that cannot be documented.
- In the event ISCs billed for visits that cannot be documented, the Division will avail themselves of any recovery action available.

**Expected Implementation Date: 7/30/2019.**

**19. DHS should take the necessary steps to ensure that all required follow-up visits are conducted and documented by its staff.**

**Finding:** During the period FY12-FY16, DHS, through its Bureau of Transitional Services, failed to conduct follow-up visits with individuals that transitioned from SODCs to CILAs. A sample testing found that BTS only conducted 45% of the required weekly visits to the individuals in CILAs. Additionally, BTS only conducted 51% of the required monthly visits to the individuals in CILAs.

A DHS official reported that in 2012, BTS took over monitoring for individuals who moved into the community from the SODCs. In September 2017, after this audit period, DHS changed the monitoring back to the SODCs.

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Auditors selected a sample of 50 individuals that transitioned from an SODC to a CILA during the period FY12-FY16. The testing results for the random sample of 50 transitions to CILAs found:

- **Weekly Visits**
  - BTS actually conducted only 112 weekly visits (45%).
  - 14 of 50 individuals (28%) received all the required weekly visits from BTS or SODC staff.
  - 18 of 50 individuals (36%) received none of the required weekly visits from BTS or SODC staff.
- **Monthly Visits**
  - BTS actually conducted only 269 monthly visits (51%).
  - 12 of 50 individuals (24%) received all the required monthly visits from BTS or SODC staff.
  - 14 of 50 individual (28%) received none of the required monthly visits from BTS or SODC staff.

Follow-up visits to those that transition to a CILA setting are instrumental in ensuring that there is successful transition. Failure of BTS staff to conduct and document the required visits is a violation of DHS policy.

Initially, the Department partially agreed with the recommendation.

**DHS Updated Response: Accepted and Partially Implemented.**

**Corrective Action Plan in Progress:**

- The Division will review all documentation available to them to determine whether CRA conducted all required follow up visits.

**Expected Implementation Date: 7/30/2019.**

**20. DHS should take the steps necessary to maintain all documentation to support contractor efforts in conducting transition follow-up visits when those contractors are utilized in the CILA program.**

**Finding:** DHS failed to maintain documentation showing that Community Resource Associates (CRA) conducted all transition follow-up visits with individuals that transitioned from SODCs during its contracts with DHS. Auditors requested documentation from DHS concerning all CRA activities, including transition follow-up visits conducted by CRA. However, information provided to the auditors by DHS did not document all of CRA's required transition follow-up visits. For instance, DHS' documentation of CRA's follow-up visits accounted for 56% (860 of 1,527) of the required weekly visits, and 11% (171 of 1,576) of the required monthly visits. CRA initially indicated to auditors that it had turned all of its

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documentation over to DHS. Upon further auditor inquiry, CRA did locate some documentation; however, that documentation also was not complete.

Auditors shared their analysis of DHS' documentation with CRA on May 14, 2018. In response, on May 24, 2018, CRA provided additional documentation to the auditors which was retrieved by its IT consultant and, according to CRA, "*confirms a 95% transition follow up rate for the duration of the CRA contract.*" However, the information provided by CRA also was not complete.

The initial contract with CRA, which contained requirements for conducting transition follow up visits, was paid in full by DHS on February 15, 2013. CRA received the total contract award of \$1,950,000. Again, this was to include the transition follow-up visits by CRA.

Failure by DHS to maintain documentation of its oversight of State contracts undermines its ability to demonstrate that the State received all the services for which it paid.

**DHS Updated Response:** Accepted and Partially Implemented.

**Corrective Action Plan in Progress:**

- The Division will review exceptions noted by the auditors to determine whether CRA conducted all follow up reviews required under contract.
- If the review results in a determination that CRA failed to comply with its contractual obligations, the Division will determine whether to seek recovery from CRA.

**Expected Implementation Date: 7/30/2019.**

**21. DHS should ensure that ISCs have copies of consent forms to participate in CILA. Additionally, DHS should consider determining and documenting what a timely consent should be and ensure that consents are updated to that timely requirement prior to transition from an SODC to a CILA.**

**Finding:** DHS failed to ensure that Independent Service Coordinators (ISCs) maintained all required consents for individuals selecting CILA as a living option. Testing of 50 individuals that transitioned to a CILA during the audit period found two instances where the ISC did not have the consent for CILA services. Additionally, the consents auditors did review were often not timely. Some consents occurred after the individual transitioned, some consents were signed the day of transition, and others were dated well in advance of the transition date. Based on testing, only 20% of the consents were timely.

Auditors contacted all the ISCs that served the 50 individuals from the sample that transitioned to CILAs during the period FY12-FY16 and requested the ISCs provide

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documentation to show that the individual or their guardian provided this written consent. The review of the documentation submitted by the ISCs found:

- **Consents for Service Choice of Supports and Services**
  - 94% (47 of 50) of the cases ISCs provided evidence of consent;
- **Timeliness of Consents**
  - 20% (10 of 50) of the cases had consents considered timely (consents signed 50 days prior to transition);
  - 74% (37 of 50) of the cases considered untimely;
  - 9 consents were signed after the actual transition to a CILA. The range of days after transition was 18 days to 739 days.
  - 3 cases did not have a consent form.

Initially, the Department partially agreed with the recommendation.

### **DHS Updated Response: Implemented.**

- Although the Department disagrees that consents were untimely, the SODCs provided an in-service on the steps for obtaining a consent and ensuring appropriate documentation for discharge.
- 22. DHS should ensure that either an individual that transitions from an SODC to a CILA setting, or the individual's guardian, participates in the development of every individual service plan.**

**Finding:** DHS failed to ensure that either the individual in a CILA setting, or a guardian, participated in the development of all individual services plans (ISPs). This lack of oversight contributed to nearly 27% of the sample where the plans were developed without input from the individual or guardian.

Auditors contacted all the ISCs that served the 50 individuals from the sample that transitioned to CILAs during the period FY12-FY16 and requested the ISCs provide copies of all ISPs that include showing the guardian participated in the development of those plans to show that the individual or their guardian provided this written consent.

Auditors reviewed all the documentation submitted by the ISCs. Overall, for the sample of 49 transitions (one individual transitioned to a CILA out of State), there were 150 ISPs that needed to be completed. Seventy-three percent (110 of 150) of the ISPs showed participation in plan development. Forty of the ISPs did not have signatures to show that the individual or guardian participated in the plan development.

- 51% (25 of 49 cases) of the individuals sampled had complete information to show all ISPs had participation from the individual and/or guardian;
- 39% (19 of 49) of the individuals sampled showed partial compliance – a portion of the ISPs showed participation by the individual and/or guardian; and,

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- 10% (5 of 49) of the individuals sampled had no ISPs which showed that the individual and/or guardian participated in the plan development.

Initially, the Department disagreed with the recommendation.

### **DHS Updated Response: Implemented.**

- The Department disagreed with this finding and recommendation. In order to determine whether individuals in a CILA setting or a guardian participated in the development of an individual service plan (ISP), the Office of Auditor General contacted the Independent Service Coordination (ISC) agencies. Their stated purpose was to show that the individual or their guardian provided written consent for transition.
  - The ISCIs were not responsible for developing the ISP. Until July 1, 2017 the providers had this responsibility. As a result of federal rule changes regarding conflict-free case management, providers were no longer allowed to write the individual's person centered plan. While ISCIs are responsible for writing personal plans for individuals served in waiver settings, SODC staff remain responsible for writing the plans for individuals living in the state-operated developmental centers.
  - Therefore, the Department takes exception to drawing a conclusion based on documentation from the ISCIs.
  - It is true, however, that sometimes an individual and/or guardian may refuse to participate or be unavailable to participate in the annual planning process. When this occurs, it should be documented. The Division has reminded SODC staff to ensure documentation is contained in the file.
- 23. DHS should ensure that staff accurately portrays the need for procurements that are presented in the Procurement Business Cases. Additionally, DHS should only contract with vendors using valid procurement strategies.**

**Finding:** DHS officials indicated that there was only one contractor that provided transition planning and support for the CILA program, Community Resource Associates (CRA). Officials also told auditors that the decision to contract, and renew, with CRA was not made by DHS. Instead, an official from the Governor's Office made that decision. DHS contracted with CRA and processed payments to the vendor. The initial contract with CRA was processed as an emergency contract according to a DHS official.

CRA is a small independent firm based in Des Peres, Missouri. According to DHS information, in Illinois, CRA is the coordinating organization that manages the consortium of national and state professionals that implement a share of the Active Community Care

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Transition (ACCT) process. According to a DHS official, CRA flew in contractors to complete the services required in the contracts.

DHS, as part of the rebalancing of the system, contracted with CRA in FY12-FY15 to access professionals to assist in the closure activities of the SODC in Jacksonville, Illinois. When CRA was awarded the State contract with DHS it partnered with an individual from the Community Resource Alliance (Alliance) to head up the clinical and support part of the effort.

DHS officials stated that over the life of the three contracts two DHS individuals that are no longer with DHS had oversight responsibility for CRA. However, email documentation showed extensive involvement by an individual from the Governor's Office.

From FY12-FY15, CRA was paid over \$6 million by DHS, under three contracts, for efforts in transition services.

The contract with CRA was not competitively procured by DHS. A DHS official reported that the communication on the decision to not use competitive procurement came from the Governor's Office General Counsel. The DHS official added that the Governor's Office got the Department of Healthcare and Family Services Secretary and its legal counsel involved and the CRA work was processed as a purchase of care contract.

**DHS Response:** DHS agrees that the need for procurements that are presented in the Procurement Business Cases should be portrayed accurately, and that only valid procurement strategies should be used to contract with vendors.

DHS disagrees with the Office of Auditor General's contention that there was no risk of decertification at the Jacksonville Developmental Center (JDC). During the course of the audit, DHS provided copies of emails that referenced potential decertification efforts at JDC. At the time of the exit conference, DHS provided OAG a copy of a July 1, 2010 letter from the Centers for Medicare and Medicaid Services to the then-administrator of the Jacksonville Developmental Center. This letter referenced non-compliance with various provisions of the National Fire Protection Association during surveys in 2008 and 2009. Reference was made to requests for waivers as part of the proposed plans of correction. These requests for waivers were denied. On June 3, 2010 another Life Safety survey was conducted that identified 67 deficiencies, an increase from the 63 Life Safety deficiencies identified the previous year. The Division was told that failure to take action to correct these deficiencies would result in the initiation of the process to terminate participation in the Medicaid program as an ICF/MR. DHS believes that three consecutive years of failing Life Safety Code surveys at JDC justifies a decision to close that facility.

Then-Governor Quinn announced the closure of Murray Center in early 2012. DHS is unaware of the criteria used to make this decision but there were no decertification efforts regarding Murray.

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**Auditor Comment:** *The finding relates to the decision to contract with CRA. DHS' response makes this an issue relative to the ability to close an SODC. We do not take issue with the ability to close an SODC. We do take issue with DHS using as a rationale for contracting with CRA the "threat" of decertification of the Jacksonville Developmental Center (JDC). As stated in the finding, DHS did provide correspondence with concerns about JDC but no document that decertification was being implemented. These documents were two years prior to contracting with CRA.*

#### **DHS Updated Response: Not Accepted.**

- The Department disagreed with this finding with respect to the OAG's opinion that the Department was unable to support its decision to close any SODC during the period FY13-FY15.
- 24. DHS should only contract with vendors for which there is a demonstrated need for the services. Also, DHS should maintain the necessary documentation to show how State funds should be expended.**

**Finding:** DHS was unable to provide auditors documentation to support its decision to close any State-Operated Developmental Centers (SODCs) during the period FY13-FY15. These decisions were needed for Community Resource Associates (CRA) to conduct activities under two contracts with DHS for transition services. DHS paid CRA \$3.9 million for these two contracts even though it had no documentation to support the need for the services.

For CRA to conduct activities under the contracts for FY13-FY15, DHS was required to identify SODCs that were set for closure. Even though CRA received \$3.9 million for services, DHS was unable to provide auditors with evidence that showed the centers where CRA was working were slated for closure.

Failure to maintain documentation to show the need for contractual services shows a lack of effective oversight by DHS. Also, even though a Governor's Office official was providing some oversight activity for the contracts with CRA, DHS was ultimately responsible for oversight as it was the contractual entity with CRA. Finally, allowing nearly \$4 million in payments when DHS could not document the actual closing of SODCs does not appear to be a prudent use of State funds.

**DHS Response:** DHS disagrees that no documentation was provided to support the closure of a specific developmental center. During the audit period, DHS provided OAG documentation related to Jacksonville Center's inability to pass two consecutive Life Safety surveys. In May 2018, DHS found a copy of a letter from Illinois Department of Public Health informing them of a potential decertification following a third failed Life Safety survey. We believe this is adequate evidence to show that there was potential for an SODC to close. Later, in early 2012, Governor Quinn announced the planned closure of Murray Center. The decision to close any state facility is a difficult one to make, and many factors must be taken

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into consideration. DHS is unaware of the criteria used to make that decision, but there were no decertification efforts regarding Murray.

The Auditor General is correct in its statement that DHS did not make the decision to contract with CRA. DHS does have various documentation of CRA activities, but much of it was provided upon request of staff in the Governor's Office who were primarily responsible for managing CRA's activities. What documentation the Department has, however, appears to be incomplete and not necessarily tied to contract deliverables.

**Auditor Comment:** DHS' response is inaccurate. The finding does not relate to the JDC closure. The finding relates to the last two contracts that DHS signed with CRA which required DHS to identify what SODCs were set for closure. DHS was not able to provide auditors with any such decision documentation. Regardless of whether the Governor's Office was involved, DHS had the contractual responsibility to maintain such documentation. DHS then paid CRA \$3.9 million for services. When spending taxpayer funds on a contractor, DHS should have documentation to show the need for those expenditures.

### **DHS Updated Response: Not Accepted.**

- The Department disagrees that no documentation was provided to support the demonstrated need for services.
- 25. DHS should take the steps necessary to maintain complete documentation to ensure that State funds are protected and contractors provide the deliverables detailed in contractual agreements.**

**Finding:** From 2012-2015, CRA received full contractual payment, \$6.1 million, from DHS for services under three contracts. The three contracts between DHS and CRA contained a deliverables section. However, DHS could not provide support for a number of deliverables that were outlined in those contracts.

DHS, as the signatory to the CRA contract, was responsible for the oversight of these activities. Failure to memorialize any potential changes to the contracts puts State resources at risk of being misused.

### **DHS Updated Response: Accepted and Partially Implemented.**

#### **Corrective Action Plan in Progress:**

- The Department will review the exceptions noted by the auditors.
- The Department will determine whether to initiate an attempt to seek recovery from CRA.

**Expected Implementation Date: 7/30/2019.**

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**26. DHS should document the need for contractual amendments, including the additional services to be performed and associated rates.**

**Finding:** DHS provided CRA over \$233,000 for services more than 180 days after the contract term ended for the contract to assist in the closure of the Jacksonville Developmental Center (JDC). The funds were for follow-up services related to on-site visits for the closure of JDC. However, these services were already built into the original contract, a contract that paid CRA all \$1,950,000 of the contract value.

As of January 7, 2013, DHS had paid the full amount of the contract for the contract period of January 24, 2012 through February 28, 2013. On August 28, 2013, DHS processed a payment to CRA for \$233,192.

**DHS Response:** DHS agrees the need for contractual amendments should be documented. DHS will review the exceptions noted, evaluate our documentation and initiate collection proceedings if warranted.

**DHS Updated Response: Partially Implemented.**

**Corrective Action Plan in Progress:**

- The Department will review documentation to determine whether CRA was paid additional funds and whether these services were outside what was already contracted for in the original contract.
- If the Department determines that additional funds were paid, the Department will take steps available to them to recover any such monies paid to CRA.

**Expected Implementation Date: 7/30/2019.**