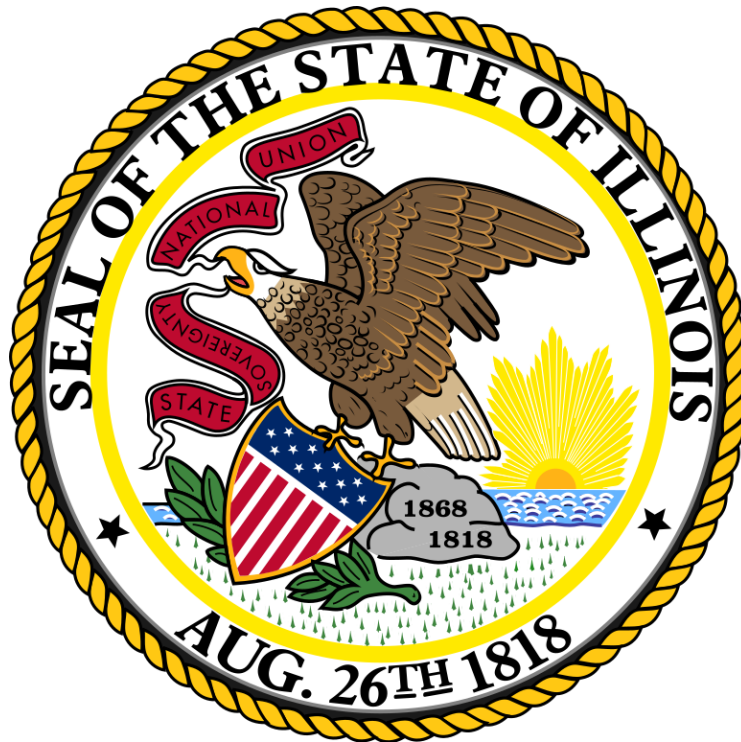


LEGISLATIVE AUDIT COMMISSION



Review of
Department of Children and Family Services
Two Years Ended June 30, 2020

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

**REVIEW: #4536 & 4537 – DCFS FY19-20 Compliance Examination & FY20
Financial Audit**

**REVIEW #4536 & 4537:
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
COMPLIANCE EXAMINATION TWO YEARS ENDED JUNE 30, 2020 and
FINANCIAL AUDIT YEAR ENDED JUNE 30, 2020**

FINDINGS/RECOMMENDATIONS - 30

**ACCEPTED – All
PARTIALLY IMPLEMENTED - 15
IMPLEMENTED – 10
NOT IMPLEMENTED and NO CHANGE – 2
UNDER STUDY - 3**

**REPEATED RECOMMENDATIONS - 18
PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 23**

This review summarizes the reports on the compliance examination of the Department of Children and Family Services (DCFS) for the two years ended June 30, 2020, filed with the Legislative Audit Commission on October 7, 2021, and the financial audit for the year ended June 30, 2020, filed with the Audit Commission on June 30, 2021. The reports were conducted in accordance with state law and *Government Auditing Standards*. The auditors stated the financial statements were fairly presented.

DCFS is mandated to provide protective and preventive services to children and their families. DCFS 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.

5 DCFS service delivery programs are designed to achieve these client goals:

- Protective Services;
- Family Maintenance;
- Family Reunification and Substitute Care;
- Adoption and Guardianship; and
- Accountability.

Specific Services:

Private agencies are the primary service provider for more than three-fourths of the children in foster care and all children in residential placements. DCFS's major program areas are as follows:

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- Protective Services - Operates the Child Abuse Hotline; conducts child abuse/neglect investigations; and licenses day-care centers, foster homes, child welfare agencies, and institutions.
- Family Maintenance - Delivers services to families to assure child safety so that children can remain in or return to the home.
- Adoption and Guardianship - Recruits, supports, and maintains adoptive/guardianship homes to which children who cannot return home are placed for permanent settings.
- Family Reunification and Substitute Care - Assures permanency for children, prepares families for reunification, and ensures the well-being and safety of children who are placed outside their homes due to abuse, neglect, or dependency.
- Accountability - Ensures that Illinois children are safe and have loving, permanent homes; and that their emotional, physical, and medical needs are met through quality services.

DCFS MISSION:

To promote prevention, child safety, permanency and well-being. DCFS brings the voices of Illinois children and families to the forefront, building trusting relationships that empower those we serve.

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.

DCFS Response to COVID-19

Despite the challenge of a global pandemic, DCFS continues to carry out its mission of ensuring the safety, permanency and well-being of children and families. Throughout the pandemic, DCFS ensured that youth in care had access to video calls to connect with parents, relatives and case workers.

DCFS collaborated with IDPH to setup on-site testing at dozens of our congregate care facilities. DCFS hosted numerous vaccination clinics for the staff and private agency

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partners across the state. DCFS, with assistance from federal programs, extended services for any youth in care aging out of the system during this crisis.

DCFS Accomplishments

- Family First Plan Approved– In October, 2021, DCFS announced the approval of its Family First Prevention Plan by the US Department of Health and Human Services' Children's Bureau.
- Maintaining and Hiring Staff – DCFS is taking advantage of increased frontline positions funded by the General Assembly and is implementing programs to reduce staff turnover. The efforts have been expanded to more closely match the best practices adopted by private sector businesses. DCFS has social media campaigns, solicit on online job boards and work college and career fairs. DCFS is networking with professional organizations. DCFS streamlined the interview process to meet the strict state standards while working to ensure candidates don't accept other positions before DCFS can make an offer.
- Commitment to Training – DCFS continues to train staff, launching new initiatives including a human trafficking training for all DCFS and private agency staff. With the ACLU, the Human Rights Campaign and key stakeholders, DCFS developed a new LGBTQI training staff. DCFS also launched a new Racial Bias training for all staff.
- YouthCare – DCFS worked with the HFS to move than 30,000 children into a new managed care program that provides improved healthcare services. Youth, families and caseworkers have care coordination services, and YouthCare professionals support DCFS in finding care for complex and challenging medical cases.
- The Hotline – In 2019, nearly 50% of calls to the hotline required a call-back to complete. Less than 1% of reports now require a call-back. In addition, the amount of time a caller waits to be connected to a call floor worker is down to just 0:12 seconds.
- Advocacy Hotline – The Advocacy Office for Children and Families responds to complaints, concerns, inquiries and suggestions. In order to improve services and better handle the increased volume of requests, a new online software system was adopted in early 2021. It allows advocates to perform their jobs remotely, as well as track new emerging issues and respond more quickly to the requests that come to the advocacy office.
- Diversity, Equity and Inclusion – DCFS is actively working to ensure staff and private agencies are providing services to all youth, including LGBTQI+ youth, while working to reverse the longstanding bias of race in the child welfare system.
- Private Sector Support – DCFS has made substantial and consistent improvements in the rates provided to community-based providers including a nearly 40% increase to childcare institutions under this administration.
- Technology and Innovation – DCFS created a Teams Youth App (called Ally) to transform communication with at-risk youth and families during a critical time. After a very successful pilot, the Ally app has begun statewide roll-out.

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DCFS Goals

- Improve Safety Through Training – DCFS is reviewing its safety-focused training and considering additions to improve worker safety, while also adding new simulation training facilities to help new workers.
- Increase Residential Bed Capacity – Expand its network of providers and increase capacity for youths that need a residential bed,
- Workforce Task Force – Reconvening the Task Force on Strengthening Child Welfare Workforce for Children and Families to study the impact workload and compensation and develop recommendations on how to improve recruitment and retention of child welfare workers.
- Promote Diversity Equity and Inclusion – DCFS will work to increase the number of bilingual employees statewide to better meet the needs of the children and families we serve.
- Encourage Subsidized Guardianship – Subsidized guardianship is a path to a permanent home for a child that keeps a child’s self-identity and reinforces the values and culture of biological parents, while maintaining a connection to family.
- Implement CCWIS System– In contrast to the existing system used by DCFS, the new CCWIS systems that are now under development are modular, reusable case management information frameworks and set of standards that we develop to support their unique child welfare program needs.

Key FY23 Proposed Budget Highlights

- Increase of 16% over FY22
 - Increase of 26% over FY21
- ▶ Investing in Staff – \$29.3M increasing DCFS staffing by 360 positions
- ▶ Modernizing Systems – \$16.1M for implementation of Comprehensive Child Welfare Information System and critical system modernization
- ▶ Critical Investments in Workforce and High-End Youth Services – \$182.6M Total Budget: \$1.8 Billion
- \$87.1M – CBP Workforce Investments
 - \$25.0M – “Level of Care” Supports
 - \$29.7M – Youth in Foster Care
 - \$11.6M – Adoption & Guardianship
 - \$10.4M – Older Youth
 - \$8.0M – Day Care ▪ \$5.8M – Training & Recruitment
 - \$5.1M – 3% Provider COLA

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DCFS Investments in FY23

Critical Investments in Workforce, Youth Services

\$87.1M – Joint Rate Workgroup with Community Based Providers:

- Salary Increases for Private Caseworkers, Supervisors – reducing public/private salary disparity by raising CBP salaries to 80% of the AFSCME starting point, with the aim of achieving 90% eventually.
- Child Care Workers – increase pay from \$16.62 to \$19.62 per hour
- Additional Private Support Staff – funding for new positions to:
- Enhance Safety for Intact Families and Community Families At-Risk
- Enhance Permanency for Youth in Care
- Enhance Foster Home Recruitment and Licensing
- Increased Support for CBP Liability Insurance and Worker Benefit Packages

\$25.0M – Level of Care Support Services:

- Increased Capacity for Youth Placement in the Most Clinically Appropriate Settings through Capital Grants and Workforce Support.
- Support capital needs to increase residential capacity

\$13.2M – FY22 Workforce Crisis Response March 1, 2022 (within current appropriations):

- Caseworker and Supervisor Salary Increases for:
- Foster Care (CBP)
- Intact Family Services (CBP)
- Child Welfare Service Referrals (CBP)
- Child Care Workers in Residential Facilities:
- \$3.00 per hour increase, from \$16.62 to \$19.62 per hour
- Supervisor Salary Increase

Expenditures from Appropriations

Major Program	FY19 Headcount	FY20 Headcount	FY19 Expenditures	FY20 Expenditures
Family Reunification & Substitute Care	875	907	\$727,718,100	\$797,685,700
Adoption & Guardianship	62	69	184,095,300	171,016,500
Protective Services	1,210	1,194	143,517,100	135,203,100
Family Maintenance	31	32	50,179,100	79,714,800
Accountability	541	548	50,617,800	54,964,900
Totals (Source IOC PAR)	2,719	2,750	\$1,153,127,400	\$1,238,585,000

Ramp up to FY23

	FY21	FY22	FY23 Requested
Agency Budget	\$1,438,111,400	\$1,556,310,800	\$1,806,420,100
Funded Headcount	3,056	3,056	3,416

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DCFS has appropriation authority from the following funds:

- GRF – 73%;
- DCFS Children’s Services – 26%;
- DCFS Special Purpose Fund – 0.2%;
- State CURE – 0.2%%;
- Child Abuse Prevention – 0% and;
- DCFS Federal Projects – 0.6%.

DCFS Trends

	FY19	FY20	FY21	FY22 Est.	FY23 Proj
Investigations	86,947	80,830	86,738	97,400	99,300
Youth Served (End of FY)	18,568	21,150	22,357	22,911	23,453
Intact Family Services (End of FY)	3,543	4,137	4,163	4,370	4,570

Cash Receipts

See Finding #2 – Inadequate Controls Over Cash. There are several questions over this subject matter.

Property and Equipment

Capital assets can be found on p. 32 of the financial audit.

Govt Activities	FY20 Beginning	Additions	Deletions	FY20 End Balance
Assets depreciated: Equipment	\$6,283,000	\$631,000	\$926,000	\$5,988,000
Less: Accumulated depreciation Equipment	4,954,000	760,000	926,000	4,788,000
Capital Assets, Net	\$1,329,000	(\$129,000)	\$0	\$1,200,000

The \$760,000 depreciation for governmental activities for the FY20 was charged as Health and Human Services.

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Accounts Receivable

DFCS 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 DCFS through foster care or other services. Board accounts receivable are a result of overpayments by DCFS to providers of care for children. (p. 33, Financial Audit).

Revenue Source: FY20	GRF
Parental Assessments	\$39,000
Overpayments	\$4,932,000
Total Other Receivables	\$4,971,000
Allowance for Uncollectable Amounts	(\$3,344,000)
Other Receivables, Net	\$1,627,000

Emergency Purchases

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.

Starting on page 131 of the compliance exam, DCFS spent the following with FY20 and FY21 funds in accordance with the Governor’s COVID-19 Disaster Proclamation:

- Personal Protective Equipment - \$2.87 million – multiple vendors;
- Preventive and Contamination Office Cleanings - \$2.1 million – ServiceMaster;
- Office Safety Measures Goods and Services - \$814,000 – multiple vendors;
- Distribution and Shipping - \$22,900 – Mostly Grainger and SPARC;
- Youth in Care Remote Learning - \$506,000 – Verizon Wireless and CDW;
- COVID Testing Goods and Services - \$100,000 – multiple vendors;
- Continuation of In-person Training Goods and Services - \$144,000 – CDW, Dale Carnegie and Abatement Tech;
- Critical Communications to Youth, Clients and Public - \$2220 – BlueBolt and MedComps.

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Status of Past Management and Performance Audits

The Office of the Auditor General conducted the following recent management audit of DCFS (p. 78, Compliance Exam):

- Search for Missing Children (released December 2014) – 9 recommendations where 1 was implemented and 8 partially implemented;
- Placement of Children (released September 2016) – 4 recommendations where all were only partially implemented;
- Investigations of Abuse and Neglect (released May 2019) – 13 recommendations where 3 were implemented, 4 partially implemented, and 6 not implemented.

Also, the LGBTQ+ Kids in Care audit (released February 2021) – 16 recommendations that are still being evaluated.

Accountants' Findings and Recommendations

Condensed below are the 30 findings and recommendations included in the audit report. Of these, 18 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the staff of DCFS via electronic mail received October 7, 2021.

- 1. The auditors recommend DCFS implement internal control procedures to ensure GAAP Reporting Packages are prepared in an accurate manner.**

Finding: (Financial Statement Preparation) - New

DCFS in accordance with generally accepted accounting principles (GAAP) submitted to the IOC (Comptroller) contained a material error.

A material error was identified during the audit of DCFS's draft financial statements. The effect of this misstatement in the governmental funds financial statements was an overstatement of revenue and an understatement of beginning fund balance in the amount of \$24.005 million. DCFS posted an audit adjustment to correct this error in its financial statements as of and for the year ended June 30, 2020.

Officials of DCFS indicated they used estimated cash receipts for July and August 2019 for calculating the June 30, 2019 deferred inflow of resources, as opposed to identifying the actual unavailable revenues.

Insufficient and/or ineffective controls over financial reporting can lead to significant reporting inaccuracies in the financial statements.

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Response:

DCFS agrees with and has implemented this recommendation. DCFS has filled a vacant CPA position and continues to employ a contractor with expertise in completion and review of governmental financial statements.

Updated Response:

Implemented. No Change.

- 2. The auditors recommend DCFS implement controls to record all cash receipt transactions, timely submit RDTs to the Comptroller, and timely and accurately complete reconciliations of receipts in accordance with SAMS.**

Finding: *(Inadequate Controls Over Cash) - New*

DCFS did not exercise adequate control over its cash receipts and monthly reconciliations.

During testing, auditors noted the following internal control deficiencies occurred during both FY19 and FY20:

- While DCFS was generally timely in depositing cash receipts into cash clearing accounts established by the State Treasurer, DCFS was not timely preparing Receipts Deposit Transmittal (RDT) to order receipts on deposit within the cash clearing accounts into the proper fund with the State Treasury. At June 30, 2020, auditors identified the average in-transit receipt had been outstanding in the clearing account and not deposited into the Treasury by over 300 days. As such, **the Comptroller cannot process any expenditures using this money on deposit in the clearing accounts until DCFS actually completes the RDT process.**
- DCFS was not timely recording cash receipts within its accounting records.
- DCFS was not timely performing reconciliations of its cash receipts recorded within its accounting records to the Comptroller’s records of deposits of cash receipts within the State Treasury’s funds.

Due to these problems, auditors noted the following growth in reconciling differences:

General Fund	FY18	FY20	Difference
In-Transit Cash Receipts at June 30	\$1,058,000	\$11,397,432	\$10,339,432
Number of In-Transit Cash Receipts at June 30	1	653	652

Children’s Services Fund	FY18	FY20	Difference
In-Transit Cash Receipts at June 30	\$336,000	\$8,172,550	\$7,836,550

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Number of In-Transit Cash Receipts at June 30	7	771	764
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DCFS officials indicated a struggle to timely fill vacancies within the General Accounting Division and staff assigned to complete receipt processing not being properly trained contributed to these problems.

Response:

DCFS agrees with and has implemented the auditor recommendations. DCFS has hired a CPA to manage the general accounting division and oversee the receipts processes, reporting and reconciliation processes. Receipts are being entered into SAP and RDTs are being completed timely. Cash receipts reconciliations are caught up and reconciling items are minimal and being corrected in a timely manner.

Updated Response:

Implemented. No Change.

- 3. The auditors recommend DCFS implement controls to ensure total compensation paid to each employee is fully documented and supported within DCFS' records.**

Further, auditors recommend DCFS work with SERS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, DCFS may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

Finding: (Inadequate Internal Controls Over Census Data) - New

DCFS did not develop or retain adequate supporting documentation for its personnel transactions and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

During testing, auditors noted the following:

- 1) DCFS had not performed an initial complete reconciliation of its census data recorded by SERS and CMS to its internal records to establish a base year of complete and accurate census data.
- 2) After establishing a base year, DCFS had not developed a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to DCFS' internal supporting records.

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- 3) Two of 80 (3%) employees tested did not have documentation supporting the employee's total compensation as determined under the Illinois Pension Code (40 ILCS 5/14-133(a)), as adjustments were posted for bilingual pay and longevity pay which DCFS could not substantiate from its own records. We considered the impact of the portion of these employees' total compensation that was unsupported and determined these amounts did not materially impact DCFS' financial statements.

DCFS indicated they were unaware of the requirement to reconcile its information to the information reported by SERS and CMS.

Response:

DCFS agrees with this finding.

Updated Response:

Implemented. DCFS has worked with IOC, SERS and CMS and has developed processes to reconcile pension and OPEB census data as recommended.

4. **The auditors recommend DCFS work with the service provider to obtain assurance the internal controls over IMPACT, data, and the infrastructure, including change control and user access, are adequate.**

Finding: *(Inadequate General Information Technology Controls Over IMPACT) – Since 2018*

HFS, DHS, and DCFS (collectively, the "Departments") failed to establish and maintain adequate general information technology internal controls (general IT controls) over the operation of the State of Illinois' Illinois Medicaid Program Advanced Cloud Technology system (IMPACT).

In calendar year 2012, HFS and the State of Michigan's Department of Community Health entered into an intergovernmental agreement (IGA) for the State of Illinois (State) to utilize Michigan's existing Medicaid Management Information System (MMIS) and its related infrastructure with the goal of replacing the State's MMIS to accommodate the processing of the State's Medicaid provider enrollment determinations and all Medicaid claim payments to such providers. Since 2012, the state has implemented two phases of IMPACT; Electronic Health Record Medicaid Incentive Payment Program (eMIPP) and Provider Enrollment (PE).

An IGA was entered into in 2015 which formally established the Illinois-Michigan Program Alliance for Core Technology. Additionally, the parties agreed to pursue expansion of the Michigan MMIS environment to accommodate the processing of Illinois' Medicaid claims. The IGA required Michigan to extend its current system to utilize cloud architecture that would result in converged infrastructure, maximizing the effectiveness of shared resources, and allowing the shared services to be offered to HFS.

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As a result of the Departments not having access to or control over IMPACT and its infrastructure, we requested HFS provide a System and Organization Control (SOC) report which would provide the state and auditors information on the design and effectiveness of internal controls over IMPACT. In response, HFS provided a Security Assessment Report (Report), however, this report did not evaluate the design and implementation of Michigan's internal controls.

Specifically, the Report did not document:

- Timeframe/period in which the Security Assessment Report covers,
- Independent service auditor's report,
- Details of the testing conducted, and
- Details of Michigan's internal controls as they relate to:
 - Control environment,
 - Risk assessment processes,
 - Information and communication,
 - Control activities, and
 - Monitoring activities.

As a result, auditors were unable to perform adequate procedures to satisfy themselves that certain general IT controls (changes and access controls (administrators and programmers)) to IMPACT were operating effectively 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 review over changes to IMPACT, data, or the infrastructure, we were unable to determine if changes made during the audit period were proper and approved.

Departments' management stated they believe the Security Assessment Report adequately assessed the internal controls over IMPACT, data and the infrastructure.

User Access Control

HFS implemented a formalized review process for IMPACT Provider Enrollment Access and Employee Status Report Review during the year ended June 30, 2020. The Department performed and documented the annual IMPACT Provider Enrollment Access Review in accordance with their formalized process. However, the HFS did not timely perform the formalized Employee Status Report Review. Furthermore, the IMPACT Provider Enrollment Access Review did not include a requirement for DHS and DCFS to conduct periodic user access reviews.

During testing, auditors obtained a population of all Departments' staff who had access to IMPACT, noting five of five (100%) terminated state staff continued to have access. The access rights were terminated 204 to 250 days after termination of employment.

According to DCFS management, IMPACT automatically locks accounts after 60 days of non-use. While auditors do not disagree, the accounts lock after 60 days of inactivity,

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during the 60 days individuals continue to have access. Further, the 60 day automatic lock is only for non-use. If the individual continues to utilize their account, it remains active. Further, HFS' management stated the late removal of terminated employees' access to IMPACT was due to a lack of communication between supervisors and the security staff and the Employee Status Report was not always received by the security staff in a timely fashion.

HFS' Employee Status Report review procedure states "Twice a month the Identity Management Unit (IMU) receives an Employee Status Report from the HFS' Division of Personnel. This report lists changes in employee job assignments. The report is reviewed by the IMU to identify accounts that need to be disabled."

Without having obtained and reviewed a SOC report, the Departments do not have assurance the service provider's internal controls over IMPACT, data and the infrastructure are adequate to protect from unauthorized changes and accidental and intentional destruction or alteration. Furthermore, the untimely termination of access rights and periodic review of access leave the Departments exposed to risk of unauthorized access.

Department of Healthcare and Family Services' Response:

HFS accepts the recommendation.

Department of Human Services' Response:

DHS accepts the recommendation. IDHS will work with HFS and the service provider to ensure controls over IMPACT data and the infrastructure are adequate.

Department of Children and Family Services' Response:

DCFS's role in the IMPACT system is limited to one system user who has very limited access to the system in order to assist providers who work with DCFS youth in care with their enrollment into IMPACT and to identify that the provider has an association with DCFS within the system. DCFS will work with HFS and DHS to implement any controls that are established to maintain adequate general information technology controls over the operation of the IMPACT system.

Updated Response:

Implemented. DCFS has executed an Interagency Agreement with HFS and DHS establishing responsibilities of each agency. DCFS has internal controls in place in accordance with the auditor's recommendation.

- 5. The auditors recommend DCFS management work with HFS to ensure all provider applications are properly reviewed, approved, and documented within IMPACT. In addition, they recommend DCFS work with HFS to execute a detailed interagency agreement which documents specific roles and responsibilities as they relate to IMPACT.**

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Finding: *(Insufficient Review and Documentation of Provider Enrollment Determinations and Failure to Execute Interagency Agreements) – Since 2018*

DCFS failed to execute an interagency agreement (IGA) with HFS establishing adequate internal controls over the operation of the State of Illinois' Illinois Medicaid Program Advanced Cloud Technology system (IMPACT), and failed to sufficiently review and document eligibility requirements either prior to the approval of eligibility, and/or during the required monthly screenings for enrolled providers.

In July 2015, HFS implemented IMPACT's Provider Enrollment module, which was designed by HFS to be the State of Illinois' official book of record for the enrollment of providers offering services for and on behalf of State of Illinois Medicaid recipients.

DCFS provides Medicaid services which utilize IMPACT for enrollment of their providers. 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.

Interagency Agreement

The auditors noted DCFS did not enter into or have an existing IGA with HFS defining each agencies' roles and responsibilities as they related to IMPACT during FY19 and FY20.

DCFS management stated they were unable to complete the negotiation of an IGA during the examination period due to the rollout of the new Medicaid managed care plan and the complexities involved in ensuring a smooth transition and defining the roles of both HFS and DCFS, which includes the definition of roles within IMPACT.

Detail Sample Testing of DCFS Providers

During testing, the auditors determined DCFS did not utilize IMPACT as its official book of record or rely on it to verify if their providers met certain Medicaid requirements prior to approving them to provide services to Medicaid recipients. Specifically, in fiscal years 2019 and 2020, DCFS management stated they do not utilize IMPACT as the official book of record for DCFS providers because DCFS contracted directly with those providers for services specific to the needs of its youth in care that were eligible for Medicaid reimbursement. DCFS management further stated it believes its role was to assist DCFS providers, after contracting with them, with enrolling in IMPACT as DCFS management believes HFS is ultimately responsible for determining if the payments were eligible to be claimed for reimbursement from the federal government.

In order to determine if DCFS provider applications were approved in accordance with DCFS program specific federal and state laws/rules/regulations, the auditors requested DCFS to provide them with a population of its approved providers, identified in IMPACT as DCFS providers as of June 30, 2020. In response to the auditors' request, DCFS management stated it was not required to maintain records of enrolled providers, this was

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the responsibility of HFS. DCFS did not request HFS to provide a population to the auditors.

Due to the conditions noted above, the auditors were unable to conclude DCFS records were sufficiently precise, complete, and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205). As a result, auditors were unable to conduct detailed testing.

Failure to execute an IGA could expose the state to unnecessary and avoidable litigation. Further, as a result of DCFS' failure to provide or obtain a population of DCFS program specific providers, the auditors were unable to rely on IMPACT with respect to the testing of provider eligibility and related federal compliance requirements over the enrollment of providers and subsequent payments made to approved providers who provide services to recipients of the State's Medicaid Program.

Department of Healthcare and Family Services' Response:

The Department of Healthcare and Family Services (HFS) accepts the recommendation. The IGA with DCFS is complete and awaiting signature.

Department of Children and Family Services' Response:

DCFS partially agrees with the recommendation. DCFS will continue to work with HFS to execute an interagency agreement which documents the specific roles and responsibilities of DCFS as they relate to IMPACT. If those roles include review and approval of provider applications, DCFS will establish procedures to ensure they are documented within IMPACT.

Updated Response:

Implemented. DCFS has executed an Interagency Agreement in accordance with the auditor's recommendation. The Agreement clarifies roles related to review, approval and documentation regarding provider applications within IMPACT.

- 6. The auditors recommend DCFS continue in its efforts to develop ways to automate various recordkeeping functions and that DCFS follows the procedures established concerning the welfare of children. The fulfillment of those procedures should be adequately documented.**

Finding: *(Incomplete Child Welfare Files) – First reported in 1998, last reported in 2018.*

DCFS Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely.

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

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Case File Deficiency	Case File Requirement	Authority
<p>36 of 60 (60%) Statewide Automated Child Welfare Information System (SACWIS) Risk Assessments could not be found in the files. (24 POS & 12 CFS cases)</p> <p>13 of 60 (22%) Statewide Automated Child Welfare Information System (SACWIS) Risk Assessments were not completed timely. (10 POS – 40 to 269 days late) (3 CFS – 131 to 165 days late)</p>	<p>When child welfare staff are engaged in preliminary activities the SACWIS Risk Assessment is to be completed within 30 days of the case opening.</p>	<p>DCFS Administrative Procedure #5 (Section 5.2 (C))</p>
<p>5 of 60 (8%) Integrated Assessments could not be found in the files. (3 POS & 2 CFS cases)</p> <p>44 of 60 (73%) Integrated Assessments were not completed timely. (30 POS – 3 to 319 days late) (14 CFS – 4 to 128 days late)</p>	<p>Integrated Assessment forms are to be completed within 40 calendar days of the case opening or placement.</p>	<p>DCFS Administrative Procedure #5 – Update November 22, 2016 and DCFS Administrative Procedure #5 (Section 5.3)</p>
<p>19 of 60 (32%) Initial Service Plans were not completed timely. (12 POS – 1 to 113 days late) (7 CFS – 3 to 114 days late)</p>	<p>Initial service plans are to be completed within 45 calendar days of the case opening or placement.</p>	<p>DCFS Administrative Procedure #5 – Update November 22, 2016 and DCFS Administrative Procedure #5 (Section 5.4)</p>

Case File Deficiency	Case File Requirement	Authority
<p>5 of 60 (8%) children's photos were not indicated as being taken and maintained in SACWIS or in case files. (4 POS & 1 CFS cases)</p>	<p>The date the photo is obtained must be included in SACWIS or related documentation should be in case files.</p>	<p>DCFS Procedure 301.150, PT 2013.123</p>
<p>18 of 60 (30%) children's fingerprints were not indicated as being taken and maintained in SACWIS or in case files. (11 POS & 7 CFS cases)</p>	<p>The date the fingerprint is obtained must be included in SACWIS or related documentation should be in case files.</p>	<p>DCFS Procedure 301.150, PT 2013.123</p>

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14 of 60 (23%) Medical & Dental Consent forms (CFS 431 and CFS 415) were not found in the case file. (8 POS & 6 CFS cases)	Forms CFS 431 and CFS 415 must be maintained to provide consent for ordinary and routine medical and dental or surgical treatment.	DCFS Administrative Procedure #5, (Appendix C, Section VI)
24 of 60 (40%) Initial Placement Checklists (CFS 418- J) were not found in files. (13 POS & 11 CFS cases)	Form CFS 418-J must be maintained for all children placed in substitute care to document any special needs of the child.	DCFS Procedure 315.85(b)
15 of 60 (25%) Placement & Payment Authorization Forms (CFS 906) were not maintained in the case files. (9 POS & 6 CFS cases)	Form CFS 906 must be completed and maintained in the case file and should include information concerning the child's placement status and other information critical to payment and approvals.	DCFS Administrative Procedure #5 (Section 5.1)
9 of 60 (15%) Child Identification Forms (CFS 680) were not maintained in the case files. (5 POS & 4 CFS cases)	Form CFS 680 is one of three required components to child identification information along with photos and fingerprints.	DCFS Procedure 301.150, PT 2013.123
18 of 60 (30%) Registration Case Opening Forms (CFS 1410) could not be provided for our review, thus, we were not able to determine timeliness. (11 POS & 7 CFS) 19 of 60 (32%) Registration Case Opening Forms (CFS 1410) were not completed timely. (11 POS – 1 to 13 days late) (8 CFS – 1 to 9 days late)	The CFS 1410, Registration Case Opening Forms are to be completed within 24 hours of the case opening decision unless received from child protection, in which case it should be completed immediately by data entry staff.	DCFS Administrative Procedure #5 (Section 5.3)

Additionally, auditors utilized the administrative case reviews (ACR) for the same sample to test compliance with the Illinois Administrative Code's (Code) (89 Ill. Adm. Code 316.60) 21-day notification requirement. The sample of 60 cases resulted in 106 ACRs, which generated 416 notifications to all parties involved. Auditors noted the following:

- 31 notifications (7%) were sent with less than 21 days' notice
- 16 notifications (4%) were not sent for various reasons.

This finding was first noted during the examination of the two years ended June 30, 1998. In the subsequent years, DCFS has been unsuccessful in implementing a corrective action plan.

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

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Failure to follow established DCFS procedures, regulation and state law concerning welfare of children could result in inadequate care, unauthorized services or misuse of state funds.

Department Response:

DCFS agrees with the recommendation and continues to stress the importance that case files contain adequate and timely documentation for all youth in care and their families. DCFS makes all efforts to update procedure as changes in practices are adopted. A review of procedures and policies is on-going, and systems are being upgraded. Communication to workers and supervisors is completed through the Departments intra net announcements and emails. DCFS releases all policy, procedural changes, and trainings through the announcements and emails. All policies, procedures and administrative procedures are available through DCFS' intranet and web site. DCFS worked diligently through the pandemic and learned different ways to continue providing services to our families. DCFS, as well as the Purchase of Service providers have had staff shortages. Recruitment efforts by Employee Services is underway to fill staff positions.

Updated Response:

Partially Implemented.

Quality Indicator Reviews began December 2021 for the key case record documentation. The areas evaluated are as follows;

1. Foster Parents Bill of Rights
2. Youth Care Coordinators
3. Normalcy
4. Trauma Treatment
5. Child and Family Team Meeting
6. In Person Contact
7. Supervision
8. Education
9. Parent Engagement
10. AP5
11. Sibling Visitation
12. Medical

Beginning in March of 2022, all reviews with a corrective action response will address the areas of deficient documentation.

Starting in FY23 a more substantive comprehensive review will be a part of the Performance Dashboard providing a formal case record review to measure existing case records. The case record review tool will also measure the quality of documents.

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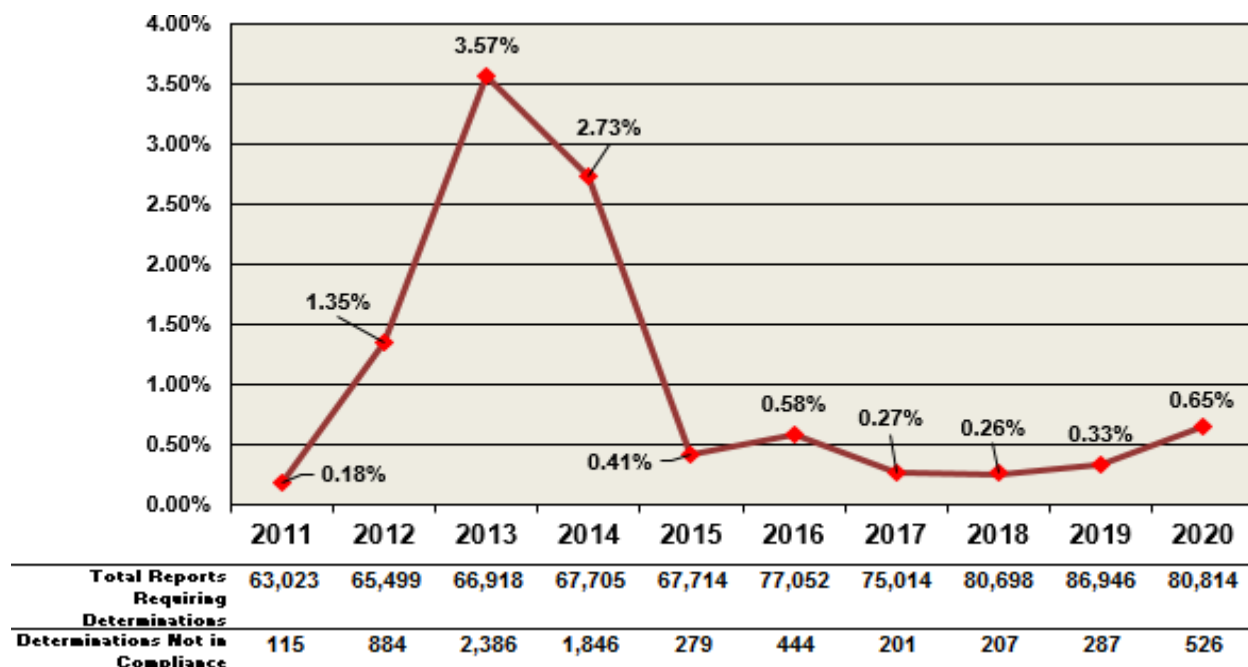
7. The auditors recommend DCFS determine reports of child abuse or neglect in compliance with the timeframe mandated by the Act.

Finding: *(Child Abuse and Neglect Determinations) – First reported in 1998, last reported 2018.*

DCFS 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 (Act).

DCFS did not make timely determinations within 60 days in 287 of the 86,946 (0.33%) reports and in 526 of the 80,814 (0.65%) reports of child abuse and neglect referred to DCFS during FY19 and FY20 respectively.

DCFS’ Monitoring/Quality Assurance Division compiles statistics to track reports that are not determined to be either “unfounded” or “indicated” in compliance with the Act (within 60 days of receipt of the report, or within 90 days if a 30-day extension is permitted). Following is a summary of those statistics:



The Act (325 ILCS 5/7.12) requires the Child Protective Service Unit to determine, within 60 days, whether a report is “indicated” or “unfounded”. It further provides DCFS may extend, for up to an additional 30 days, the period in which individual cases are determined. Reasons for which the determination period may be extended include, but are not limited to, the following circumstances (89 Ill. Adm. Code 300.110(i)(3)(D)): a) State’s attorneys or law enforcement officials have requested that the Department delay making a determination due to a pending criminal investigation; b) medical or autopsy reports needed to make a determination are still pending after the initial 60-day period; c)

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the report involves an out-of-state investigation and the delay is beyond the Department's control; or d) multiple alleged perpetrators or victims are involved necessitating more time in gathering evidence and conducting interviews.

DCFS stated human error, limitations with the computer system and overall staffing levels are all factors that impact the Department's ability to meet 100% compliance.

Department Response:

DCFS agrees with the auditor's recommendation. DCFS is over 99% compliant with this standard and continues to strive for 100% compliance. DCFS realizes the importance of completing investigations and making determinations within 60 days of reports of abuse and neglect.

Updated Response:

Partially Implemented. No Change.

8. The auditors recommend DCFS initiate investigations of all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Act.

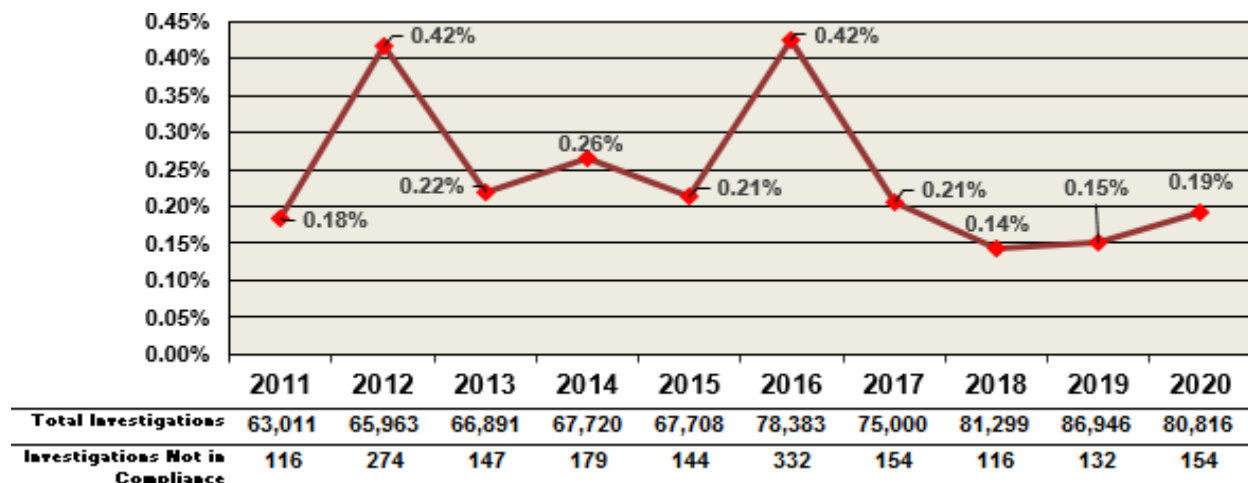
Finding: *(Initiation of Investigations of Child Abuse and Neglect) - First reported in 1998, last reported in 2018.*

DCFS did not timely initiate investigations of child abuse and neglect within 24 hours of receipt of the report as required by the Abused and Neglected Child Reporting Act (Act).

DCFS did not timely initiate an investigation for 132 of the 86,946 (0.15%) reports and for 154 of the 80,816 (0.19%) reports of child abuse and neglect in FY19 and FY20, respectively.

DCFS' Monitoring/Quality Assurance Division compiles statistics and reports on instances of noncompliance with the Act, based on data extracted from DCFS' data warehouse and the Department's Statewide Automated Child Welfare Information System (SACWIS). These reports are a summary of activity entered into SACWIS by the field offices. DCFS supervisors conduct weekly manual reviews of the reports of child abuse and neglect to monitor whether all investigations are initiated timely and in compliance with the Act. The Monitoring/Quality Assurance Division has compiled the following statistics:

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DCFS stated human error, limitations with the computer system and overall staffing levels are all factors that impact the Department’s ability to meet 100% compliance.

Department Response:

DCFS agrees with the auditor’s recommendation. DCFS continues to be well over 99% compliant with this standard. DCFS remains diligent in pursuing 100% compliance by monitoring weekly reports and addressing missed mandates via the disciplinary process. Supervisors are reminded to review the investigation to ensure the mandate time is correct to reduce human error.

Updated Response:

Partially Implemented. No Change.

9. The auditors recommend DCFS:

- **Update the Authorized Child Care Payment Procedures to document the requirements for ensuring the accuracy and completeness of data, correction of errors, avoidance of duplicate data, balancing of data with source information for MARS and SACWIS.**
- **Ensure all interfaces are tested and documentation is maintained.**
- **Ensure all changes are documented and approved.**
- **Ensure documentation is maintained demonstrating change populations and developer populations are complete and accurate.**

Finding: *(Inadequate Controls Over Applications and Data Accuracy) - New*

DCFS maintained inadequate controls over the accuracy of its applications and data.

DCFS utilizes several applications to carry out its mission, including the Statewide Automated Child Welfare Information System (SACWIS), Medicaid Billing System (MBS) and DCFS’ accounting system (MARS). During testing, auditors noted:

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Data Accuracy

- The Authorized Child Care Payment Procedures did not document the requirements to ensure the accuracy and completeness of data, correction of errors, avoidance of duplicate data, balancing of data with source information for MARS and SACWIS.

Interfaces

- DCFS did not provide documentation demonstrating the interfaces between MARS and SACWIS and MBS and MARS were adequately tested.

Change Control

MARS

- 9 of 25 (36%) selected changes did not have evidence of testing prior to moving to the production environment.
- 17 of 25 (68%) selected changes did not have evidence of approval.

SACWIS

- Auditors requested DCFS provide a population of changes to SACWIS during the examination period. DCFS provided a population; however, DCFS did not provide documentation demonstrating the population was sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35). As such, auditors could not determine if there were potentially other changes made to SACWIS.

Although the population provided had limitations, auditors selected a sample of changes and noted no exceptions.

- Auditors requested DCFS provide a population of SACWIS developers. DCFS provided a population; however, DCFS did not provide documentation demonstrating the population was sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35). As such, auditors could not determine if there were potentially other individuals with development responsibilities. Although the population provided had limitations, auditors selected a sample of developers to determine if access to the production environment was appropriate and noted no exceptions.

DCFS management indicated the lack of resources and the lack of understanding the responsibilities between DCFS and DoIT lead to the weaknesses.

The lack of adequate controls over its applications and data could result in unauthorized changes, incomplete and inaccurate data.

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Department Response:

DCFS agrees with the auditor's recommendation. DoIT and DCFS will review the procedure documentation for the Authorized Child Care Payments and determine necessary updates. DCFS interfaces are tested and functioning appropriately.

DoIT-DCFS will review procedures for change requests to the interfaces and update appropriately to ensure all future changes are documented. DoIT-DCFS will also review the testing procedures and ensure appropriate documentation is generated on future testing.

DoIT-DCFS will review and adjust change documentation to ensure developer populations and changes are properly documented.

Updated Response:

Under Study. With the planned start of the Comprehensive Child Welfare Information System (CCWIS) occurring mid-year 2022, DoIT-DCFS will be developing appropriate policies and procedures around all aspects of the system, including but not limited to, documentation requirements, interface testing, accuracy and completeness of data and change documentation. Industry best practices will be followed which encompass all the recommendations from the auditors.

10. The auditors recommend DCFS:

- **Update its Service Access Request and Electronic Communication and Distribution Procedures to include a requirement to review access rights to applications. Additionally, DCFS should review access rights at least annually.**
- **Maintain documentation of users' access requests and associated rights.**
- **Ensure terminated users' access is timely terminated.**

Finding: *(Inadequate Access Controls) - New*

DCFS had not implemented adequate internal controls related to systems and applications access and control.

DCFS utilizes several applications to carry out its mission; Medicaid Billing System (MBS), Statewide Automated Child Welfare Information System (SACWIS), Department's accounting system (MARS), and the State's Enterprise Resource Planning System (ERP). During our testing of access to each of the applications, we noted:

Procedures

- The Departments' documented Service Access Request and Electronic Communication and Distribution Procedures (Procedures) do not include a requirement to review access rights to applications. Additionally, the Procedures did not document access provisioning requirements for contractors.

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MARS

- 4 of 25 (16%) selected MARS' users did not have an access request ticket.
- 1 of 3 (33%) selected terminated employees' access to MARS was not disabled timely.

SACWIS

- 3 of 3 (100%) selected terminated employees' access to SACWIS were not disabled timely.
- Review of users' access was not conducted.

MBS

- Documentation to determine if access was appropriate was not provided for the 25 (100%) MBS users selected.
- Review of users' access was not conducted.

ERP

- Review of users' access was not conducted.

DCFS management indicated the lack of resources and the lack of understanding the responsibilities between DCFS and DoIT lead to the weaknesses.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information.

Response:

DCFS agrees with the auditor's recommendation. DoIT-DCFS will review procedures on granting access rights to SACWIS, MARS, and ERP and ensure appropriate controls are in place.

DoIT-DCFS will also enable the production of annual access reports to enable the review of users with access to ensure access is controlled.

Updated Response:

Under Study. With the planned start of the Comprehensive Child Welfare Information System (CCWIS) occurring mid-year 2022, DoIT-DCFS will be developing appropriate policies and procedures around all aspects of the system, including but not limited to, documentation requirements, interface testing, accuracy and completeness of data and change documentation. Industry best practices will be followed which encompass all the recommendations from the auditors.

11. The auditors recommend DCFS ensure child death reviews are conducted within the time period established by the Act.

Finding: *(Noncompliance with the Child Death Review Team Act) – Since 2018.*

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DCFS 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 five of 280 (2%) reviews were not conducted within 90 days from the close of the investigation. These reviews ranged from 17 to 38 days over the 90-day allowance. The five reviews were all related to investigations that occurred in FY20.

DCFS management stated that the timeframe for four of the instances was missed because of the Child Death Review Team meeting being cancelled due to a major winter storm. DCFS management attributed the other missed review to the Child Death Review Team meeting being cancelled due to the death of one of the local DCFS staff that was scheduled to present a case that day.

Failure to comply with the Act diminishes the effectiveness of the purposes for which the child death review teams serve and also is noncompliance with duties mandated by the Act.

Response

DCFS agrees with the auditor's recommendation. DCFS understands the importance of the child death reviews and prioritizes performing the reviews timely. Unfortunately, extenuating circumstances prevented DCFS from hearing the reviews as scheduled, as noted in the above finding. DCFS believes these were unique circumstances and the reviews were rescheduled at the earliest possible dates.

Updated Response:

Implemented. No Change.

12. The auditors recommend DCFS ensure all contracts are approved and signed before the beginning of the contract period.

Finding: *(Untimely Approval of Contracts) – First reported 2002, last reported 2018.*

DCFS did not have fully approved contracts prior to commencement of services.

During examination of a sample of 60 purchase of care contracts, totaling \$76 million, auditors noted that 49 contracts (82%), totaling \$64 million, had a final signature approval date from one to 247 days after the effective start date of the contract.

In addition, DCFS could not provide auditors with documentation showing the initial date of services and date of execution for 5 contracts (8%), totaling \$857,000, thus auditors cannot determine whether the contracts were timely approved prior to commencement of services.

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DCFS management stated that competing priorities and a lack of resources prevented the Department from obtaining required signatures prior to the effective start date of the contracts.

Failure to obtain contracts before the beginning of the contract period does not bind the parties to comply with applicable laws, regulations, and rules and may result in improper and unauthorized payments.

Response:

DCFS agrees with the auditor's recommendation. It is best practice to ensure all contracts are approved and signed before the beginning of the contract period whenever possible. DCFS continues to review process improvements to improve timeliness the contract approval process.

Updated Response:

Not Implemented. No Change.

13. The auditors recommend DCFS 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.

Finding: *(Lack of Documentation of Monitoring Contracts) - First reported 2012, last reported 2018.*

DCFS did not adequately document monitoring of provider agencies for compliance with contract terms.

DCFS could not provide documentation demonstrating monitoring had occurred as specified in the contracts for 7 of 40 (18%) contracts tested, totaling approximately \$846,433, from the awards and grant appropriations.

DCFS management stated that errors occurred due to human error of not documenting monitoring activities in DCFS' Program Monitoring Review Database web application.

Failure to monitor performance of contracted services could lead to overpayments and payments for services not performed in accordance with contract terms and requirements.

Response:

DCFS agrees with the auditor's recommendation. DCFS has acknowledged that the program monitoring reviews have not been consistently completed per Policy Guide 2013.07. DCFS has been and will continue to be responsive, communicating to all contract management and program monitoring staff the importance of completing annual program monitoring reviews in a timely fashion, entering the results in the Program Monitoring Review Database. A monthly monitoring & tracking (hard-copy) report to manage when the reviews occur within each fiscal year has been developed. This form

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of tracking will be replaced with a redesigned program monitoring application soon. Until then, the report is reviewed regularly with the Deputy Director of Contract Administration & Compliance and Chief Financial Officer. Also, DCFS has recommended that individuals save completed monitoring reviews and activities in hard copy under the specific Provider's electronic contract file and/or on their unit's share drive.

Updated Response:

Not Implemented. No Change.

- 14. The auditors recommend DCFS comply with the Act or, alternatively, if determined that the bilingual frontline staffing level required by the Act is not representative of its needs, seek a legislative remedy to the statutory requirement.**

Finding: (Noncompliance with the State Services Assurance for FY2008) - First reported 2010, last reported 2018.

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

At June 30, 2007, the Department had 154 bilingual frontline staff. Therefore, it is required by the Act to maintain a bilingual frontline staffing level of 194. As of July 1, 2020, DCFS employed 166 bilingual frontline staff.

DCFS management stated that limitations in the number of qualified applicants and inconsistent staffing within the engagement period have affected the number of Spanish speaking bilingual frontline staff.

Failure to comply with this statute could lead to the Department not being able to provide adequate services to families for which English is not their first language.

Response:

DCFS agrees with the auditor's recommendation. DCFS showed improvement over the past audit and 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.

Updated Response:

Partially Implemented. No Change.

- 15. The auditors recommend DCFS enforce the existing policies regarding timely completion of performance evaluations.**

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Finding: *(Employee Performance Evaluations Not Performed or Not Performed Timely) - First reported 2010, last reported 2018.*

DCFS 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 DCFS' completion of annual performance evaluations:

- DCFS did not complete performance evaluations for 7 (12%) employees during FY19 and 19 (32%) employees during FY20.
- DCFS did not conduct performance evaluations in a timely manner for 5 (8%) employees during FY19.

DCFS management explained monthly notifications are provided to each respective supervisor and their chain of command with the notification of three timeframes for evaluations. DCFS 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.

Department Response:

DCFS agrees with the auditor's recommendation. DCFS showed improvement over the past audit with both the completion and timeliness of evaluations. DCFS will continue to work with managers and supervisors to improve its efforts to meet the requirements of the Illinois Administrative Code related to evaluations.

Updated Response:

Partially Implemented. DCFS continues to work with managers to improve its efforts to meet the requirements of the Illinois Administrative Code related to evaluations. DCFS has implemented a system so that all managers receive monthly system notifications when they have evaluations that are "soon due", "upcoming", "due now", and "overdue." Managers who have evaluations that are "overdue" receive an email from the Office of Employee Services letting them know they have evaluations past due. This email will list the names of the employee(s) and the date the evaluation was due as well as a request asking them to comply immediately.

- 16. The auditors recommend DCFS review its process for ensuring all equipment records are accurately maintained and updated in a timely manner. They also recommend DCFS to update its property control policies and strengthen its internal control over the accountability of acquisitions, changes, and deletions of Department equipment items.**

Finding: *(Failure to Maintain Accurate Property Records) – Since 2018.*

DCFS did not comply with requirements applicable to its property and equipment.

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Auditors tested a sample of 40 equipment acquisitions to determine whether items were timely added to DCFS' property records. As a result of testing, auditors noted the following:

- Six (15%) equipment acquisitions during FY19, totaling \$5,408, were entered into the DCFS' equipment inventory records 4 to 123 days late;
- Three (8%) equipment acquisitions during FY20, totaling \$5,239, were entered into the DCFS equipment inventory records 39 to 685 days late.

DCFS management stated acquisitions were entered late due to individual staff miscommunications for the noted items. Additionally, DCFS management stated for annual inventory certifications to CMS, summary reports by location were provided instead of detailed equipment inventory listings because of DCFS' interpretation of the requirements of the Code and no communication from CMS opposing the submitted summary reports has occurred.

Department Response:

DCFS agrees with the auditor's recommendation. With the conversion of inventory over to the ERP system, DCFS is strengthening their inventory and recordkeeping practices to ensure compliance with statutory and regulatory requirements. DCFS will be able to update its property control policies.

Updated Response:

Partially Implemented. DCFS was moving towards fully implementing the auditor's recommendations when a key staff member suddenly retired late in 2021. Further implementation efforts have stalled while DCFS works to fill this key vacancy while also reviewing procedures so as to not be so reliant on a single staff member.

17. The auditors recommend DCFS ensure employees' accident reports are submitted to CMS within seven calendar days of accidents, as required by the Code and Guide.

Finding: *(Accident Reports Not Filed Timely) – First reported 2012, last reported 2018.*

DCFS employees failed to timely file accident reports.

During the examination period, DCFS employees were involved in 7 accidents while on official state business. Auditors determined 2 of the 7 (29%) related accident reports were not filed with CMS within seven days. The reports ranged from 2 to 8 days late.

DCFS management stated a lack of knowledge by the employees involved in the accidents concerning reporting procedures and a lack of timely communication from those employees caused the late reporting of the accidents to CMS.

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Response:

DCFS agrees with the auditor’s recommendation. DCFS will develop communication tools to better train staff who travel on behalf of DCFS on accident reporting requirements. DCFS’ Vehicle Coordinator has been trained on the use of the CMS Risk Management Auto system which will also facilitate more timely reporting.

Updated Response:

Implemented. DCFS has developed communication that reminds employees of the policy when they request gas cards to access state vehicles. DCFS has also placed laminated reminders of the policy in each state vehicle. When an employee logs their miles and trip, they do so on a clipboard. The laminated reminder is present on the clipboard for them to reference. When the DCFS Vehicle Coordinator is notified of an accident she immediately follows up with the employee to ensure all paperwork and documentation is received to meet the required deadline.

18. The auditors recommend DCFS comply with the Illinois State Collection Act of 1986 by requesting earned federal reimbursements more timely.

Finding: *(Federal Reimbursements not Requested Timely) – First reported in 2012, last reported in 2018.*

DCFS failed to timely request reimbursement of federally supported programs.

Of 41 grants supported by federal programs in FY20, eight (20%) of these had receivables at the end of the fiscal year that were 70% or greater than the year’s total reimbursable costs. Listed below is a breakdown of prior year receivables, current year reimbursable costs, amount received in the current year, and end of the year receivables for those five grants (amounts in thousands):

Grant ID	Prior Year Receivable	Current Year Reimbursable Cost	Current Year Receipts	Current Year Receivable	Current Year Receivables as % of Current Year Reimbursable Costs
1127	\$ 9,838	\$ 9,636	\$ 9,838	\$ 9,636	100%
1130	\$ 15,617	\$ 10,838	\$ 18,655	\$ 7,800	72%
1134	\$ 1,926	\$ 821	\$ 786	\$ 1,961	239%
1345	\$ 10	\$ 9	\$ -	\$ 19	211%*
1348	\$ 47	\$ -	\$ -	\$ 47	N/A*
1353	\$ 2	\$ -	\$ -	\$ 2	N/A*
1359	\$ 46	\$ 7	\$ 21	\$ 32	457%*
1361	\$ 33	\$ -	\$ -	\$ 32	N/A*

*Because the current year receivable exceeded the current year reimbursable cost, the % is greater than 100%, or, if the current year reimbursable cost was \$0, is N/A.

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DCFS management stated that due to the nature of the federal entitlement grants that DCFS participates in, an analysis of spending that meets eligibility requirements must be done as well as an analysis to ensure DCFS maximizes the federal return by applying eligible expenditures to the most advantageous federal program.

DCFS management stated although DCFS performed an analysis prior to the end of the state's fiscal year to try to capture all eligible expenditures as of June 30, 2021, to draw all eligible funds, a more detailed analysis is done as part of the quarterly reporting requirements of the federal government after the quarter is complete which identifies the additional funds available that were reported on the Department financial statements.

Delays in collecting monies owed to DCFS deprive the state of available cash resources with which to administer operations and programs.

Response:

DCFS agrees with the auditor's recommendation and makes every effort to draw federal funds timely. In an effort to maximize federal revenue, expenditures are analyzed to determine whether they are eligible to claim under programs that have a higher claim percentage. This analysis cannot be completed until after June 30, so DCFS will always have accrued receivables from our federal programs.

Updated Response:

Implemented. Procedures are in place to ensure federal funds are drawn timely and in accordance with the terms of the specific grants and the Treasury State Agreement when appropriate. DCFS has added additional reviews to ensure draws are taken prior to the end of the fiscal year and at the end of lapse to ensure financial statement accruals are accurate and complete.

- 19. The auditors recommend DCFS to refer all reports of child abuse and neglect for a newborn infant whose blood, urine, or meconium contains any amount of a controlled substance to the appropriate state's attorney's office and to update procedures and provide training to staff to accomplish compliance with the Act.**

In addition, auditors recommend DCFS 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.

Further, auditors recommend DCFS correctly follow its internal procedures regarding the transmission of hotline phone calls to the appropriate Child Protective Services Unit and retain documentation of the hotline intakes for monitoring. They recommend the Department provide appropriate oversight to the Multidisciplinary Review Committee System to ensure the committees are following procedures and have the required membership. In regards to

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Indicated Review Reports of child abuse and neglect related to physical or sexual abuse of a student, they recommend DCFS strengthen its monitoring and procedures for investigators, and properly train investigators to ensure compliance with the Act.

Auditors also recommend DCFS appoint a member to the state-wide Citizen’s Committee on Child Abuse and Neglect who specializes in neonatal medical care.

Finally, auditors recommend DCFS ensure the timely submission of all reports required by the Act to the General Assembly and Governor.

Finding: *(Noncompliance with Abused and Neglected Child Reporting Act) – First reported in 2012, last reported in 2018.*

DCFS failed to comply with several sections of the Abused and Neglected Child Reporting Act (Act) (325 ILCS 5).

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

- During testing, DCFS could not demonstrate communication of the investigation reports to the state’s attorneys’ offices for 29 (48%) of 60 reports of child abuse and neglect for infants exposed to controlled substances. DCFS management stated the reports could not be located due to DCFS’ current system of record not retaining the specific documentation of referrals of the investigation reports with the state’s attorneys’ offices.
- During testing of 20 investigations performed by DCFS during the engagement period, auditors noted three instances (15%) where DCFS did not send a notification to the appropriate military base. DCFS management stated the need to notify the Department of Defense has been placed in Procedure 300, but it was not communicated to the field and, therefore, they were not made aware of the legislated mandate.
- DCFS submitted the FY19 report on January 15, 2020, but did not submit the FY20 report, as of the date of this report, to the General Assembly or Governor documenting the case management protocols and program’s effectiveness.

DCFS management stated the FY20 report was not submitted due to a lack of sufficient staff and temporary peak workloads from other required projects.

- During testing of DCFS’ compliance with its procedures for transmitting hotline phone calls to the appropriate Child Protective Services Unit, auditors noted one (2%) of 60 calls tested could not be made available for the review. As a result, auditors could not determine whether DCFS complied with its procedures for transmittal of the call.

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- During testing of DCFS' compliance with the Act (325 ILCS 5/7.21), auditors noted the following exceptions:
 - DCFS did not have a listing of the individuals serving on the committees. As a result, auditors could not determine whether the committees are composed of the required individuals per the Act.
 - DCFS could not provide written by-laws and rules on the establishment and management of the committees.
 - DCFS did not timely submit the annual reports to the General Assembly, due on October 1, 2018, and October 1, 2019. The reports were submitted 9 and 79 days late, respectively.

DCFS management stated the operations department does not currently have an organizational record of the membership of the multidisciplinary committee, and the reports were submitted late due to human error.

- During testing, auditors noted that the report due June 1, 2020, was submitted to the Illinois General Assembly one day late. DCFS management attributed this exception to human error.
- Auditors noted DCFS did not send its final findings to the child's school for any of the 60 indicated reports tested during the engagement period. DCFS management stated Procedure 300 requires field investigators to notify the State Central Register through a 'CANTS 2F' form so that the State Central Register can send a copy of the final findings to the school. Management attributed the exceptions noted to lack of awareness and training of the field investigators on the process of notifying the State Central Register, so that the final findings can timely be sent to the child's school.
- DCFS did not appoint any members specializing in neonatal medical care to serve on the Citizen's Committee on Child Abuse and Neglect. DCFS 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, DCFS did not appoint a member who specializes in neonatal medical care.

Department Response:

DCFS agrees with the auditor's recommendations.

Updated Response:

DCFS has updated policy regarding the State Central Register (SCR) transmission of reports of child abuse and neglect for a newborn infant whose blood, urine, or meconium contains any amount of a controlled substance to the appropriate field office for investigation. Policy ensures an intake is created and requires notification of appropriate state's attorneys' offices.

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DCFS follows a Memorandum of Understanding (MOU) with all military bases to report incidents of suspected or actual child abuse/neglect on or off the base when DCFS serves as the initial point of contact in a case involving active duty military.

DCFS policy requires an intake be completed for every call received and an intake ID# is created. A SACWIS record is maintained and tracked by the intake ID # for monitoring purposes. All calls to the hotline are also recorded for quality assurance and saved in the call recorder system. Each intake created is routed and assigned to the appropriate mailbox for that Child Protection Service unit.

DCFS' Child Death Review Teams (CDRT) meet the requirements of the multidisciplinary team. Rules on the role of the CDRT will be reviewed to ensure it encompasses the statutory requirements of the multidisciplinary review committees.

DCFS has reviewed current policies and procedures, concerning notifications to schools when a student is an indicated victim of physical or sexual abuse, with child protection administrators to ensure that requirement is being met. The SCR receives a weekly 2F school notification alert/tickler to track and monitor this process. The SCR – Production Control Unit manually sends a notification letter to the school when there is an indicated child victim of physical or sexual abuse.

DCFS has identified a neonatologist to become a member of the Statewide Citizen's Committee on Child Abuse and Neglect (SCAN). The member will be formally appointed and will participate in future meetings and activities.

DCFS maintains a record of all required reports that are to be submitted to the General Assembly and Governor. The record includes the title of statute, description, and the date that the report is due to the General Assembly and the Governor. This record allows DCFS to submit all reports in a timely manner.

20. The auditors recommend DCFS timely submit all reports to the General Assembly required by the Act. Additionally, auditors recommend the following to DCFS:

- **Appoint members to the License Board and enforce term limits to comply with the intent of the Act;**
- **Establish rules and procedures to track compliance of the performance of home studies, investigations, and supervised visitations ordered by Illinois courts; and**
- **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 Act or seek legislative remedy.**

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Finding: *(Noncompliance with the Children and Family Services Act) – First reported 2016, last reported 2018.*

DCFS did not comply with the Children and Family Services Act (Act) (20 ILCS 505).

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

- During testing, auditors noted DCFS submitted the annual reports due December 31, 2018 and December 31, 2019, 7 days late and the 13 days late, respectively. DCFS management stated the reports were filed late due to human error.
- During testing, auditors noted the License Board had two vacant positions that have not been appointed and two members of the License Board served longer than 6 consecutive years. DCFS management stated the vacant positions and extended service of members on the License Board were caused by lack of sufficient resources devoted or allocated to this area.
- During testing, auditors noted DCFS promulgated rules for compliance with the Act but was unable to provide a listing of home studies, investigations, and supervised visitations ordered by Illinois courts under the Act. DCFS management stated court orders of this nature are on a limited basis, and individual regional offices provide services when required, so a central record listing was not considered necessary.
- DCFS did not maintain a Governor's Youth Services Initiative Program to aid multi problem youth. However, DCFS identified the rules promulgated concerning the initiative (89 Ill. Adm. Code 311).

DCFS management stated no formal initiative program has been established due to lack of funding and the original purpose of this section has been superseded by other programs.

- During testing, auditors noted DCFS completed the annual evaluations for FY19 and FY20, with the assistance of the Children and Family Research Center; however, the FY20 report was not submitted to the General Assembly. DCFS management stated the report was not filed due to human error.
- The Act (20 ILCS 505/41) requires DCFS to submit to the General Assembly a report of employee assaults and threats on employees by January 1, April 1, July 1, and October 1 of each year. During testing, auditors noted DCFS transmitted the report due January 1, 2020, twelve days late. DCFS management stated the report was not timely filed due to human error.

Department Response:

DCFS agrees with the auditor's recommendations. DCFS will continue to seek legislative remedy regarding the Governor's Youth Services Initiative, as there have been other programs implemented that satisfy the original purpose of this section of the Act.

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Updated Response:

Partially Implemented. DCFS maintains a record of all statutorily required reports that are to be submitted to the General Assembly and Governor. The record includes the title of statute, description, and the date that the report is due to the General Assembly and the Governor. This record allows DCFS to submit all reports in a timely manner.

DCFS has created a new membership form to allow for better tracking of membership for all Boards and Councils.

DCFS filed SB3099 with Senator Mattie Hunter as the sponsor to eliminate the Governor's Youth Services Initiative, as the program is no longer active. This bill is to be considered during the 102nd legislative veto session.

21. The auditors recommend DCFS file the required reports with the Council by July 1 and January 1 annually. They also recommend DCFS maintain documentation to demonstrate it distributes 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 Act.

Finding: *(Noncompliance with the Adoption Act) – Since 2018.*

DCFS did not comply with the Adoption Act (Act) (750 ILCS 50).

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

- The Act (750 ILCS 50/18.3a(q)) requires the Department to submit reports to the Adoption Registry – Confidential Intermediary Advisory Council (Council) by July 1 and January 1 of each year in order to report the penalties assessed and collected under Section 18.3a(p) of the Act, the amounts of related deposits into the DCFS Children's Services Fund, and any expenditures from such deposits. During the engagement period, DCFS did not file such required reports. DCFS stated it did not file the reports because no penalties were assessed under the Act.
- The Act (750 ILCS 50/4.1(b)(3)) states, no later than 30 days after the effective date of the amendatory Act of the 100th General Assembly, DCFS 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 DCFS' website.

During FY19 and FY20, DCFS began the process of distributing a written list of all pre-adoption approval requirements to the required adoption agencies. However, during testing of 60 adoption agencies, auditors noted DCFS could not provide documentation to demonstrate that it had distributed a written list of all pre-adoption approval requirements to six (10%) out-of-state agencies. DCFS management stated that due to

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limitations in data retention for the electronic messages and tracking receipts of physical mail sent to the agencies, the documentation could not be located for the accountants.

Not filing reports to the Council by July 1 and January 1 each year prevents the Council from learning of the penalties assessed, even if there were none. Failure to provide documentation to demonstrate it had distributed 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 Act prevented DCFS from executing the intent of the 100th General Assembly.

Department Response:

DCFS agrees with, and has partially implemented, the auditor's recommendation. DCFS will update its policies to ensure required reports are filed even when the report will show that no penalties were assessed for the associated time period. DCFS has created an electronic filing system to document the agency, address, date and email distribution of all pre-adoption reporting requirements sent to agencies.

Updated Response:

Partially Implemented. A draft policy guide that provides the mandates referenced in the Adoption Act will be sent to Office of Child & Family Policy by the end of April 2022.

22. The auditors recommend DCFS:

- (1) adopt rules to maintain data on child care facilities without Internet access, ensure those child care facilities register for available mailing lists of pertinent recalls in paper forms, confirm with the CPSC that specific facilities are registered, and have procedures concerning the notification to licensed facilities when the unsafe children's product list is updated;**
- (2) send random surveys to consumers of the facilities as part of the license renewal process;**
- (3) include all the required statutory requirements within the minimum standards for licensing that apply to the various types of facilities for child care; and**
- (4) maintain a complete website listing of child welfare agencies licensed by the DCFS to provide adoption services.**

Finding: *(Noncompliance with the Child Welfare Act of 1969) – Since 2018.*

DCFS failed to comply with the Child Care Act of 1969 (Act) (225 ILCS 10).

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

- During testing, auditors noted DCFS has forms to encourage facilities to sign up for mailings lists through the Consumer Product Safety Commission (CPSC). However, DCFS does not currently have a mechanism to confirm with the CPSC

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that specific facilities are registered or have registered to receive mailed notifications. Auditors also noted DCFS does not have special procedures concerning the notification to licensed facilities when the unsafe children's product list is updated.

- The Act requires DCFS to perform a site visit prior to renewal of the childcare facility license.
- During testing, auditors noted DCFS did not send random surveys of parents at renewal of license for the childcare facility for 10 of 25 (40%) renewals tested.
- During testing, auditors noted DCFS' rules omitted the minimum requirement for protecting the legal rights of children served, specifically related to day care agencies, day care homes, day care centers, group day care homes, and foster family homes.
- During testing, auditors noted DCFS' website did include all the required information for the child welfare agencies; however, the listing did not include the most recent annual reports for all the child welfare agencies listed.

DCFS management stated these exceptions were caused by a lack of resources and competing priorities from other divisions in promulgating policies, rules, and procedures.

Not adopting rules to maintain data on childcare facilities without Internet access, ensuring those childcare facilities register for available mailing lists of pertinent recalls in paper forms, confirming with the CPSC that specific facilities are registered, and not having procedures concerning the notification to licensed facilities when the unsafe children's product list is updated impairs the Department's ability to ensure the safety of children in childcare facilities. Failure to send random surveys to consumers of a childcare facility prevents the examination of complete documentation to ensure standards of licensing are met and could result in care of children that is below the minimum standards. Not including all the required statutory requirements within the minimum standards for licensing that apply to the various types of facilities for childcare prevents the Department's rules from being complete and accurate. Failure to maintain a complete website listing of child welfare agencies licensed by the Department prevents the Department from providing a statutorily comprehensive listing of those providing adoption services and other general information for biological parents and adoptive parents.

Department Response:

DCFS agrees with the auditor's recommendations. DCFS has shown improvement towards compliance with the Child Welfare Act of 1969 since the prior audit. DCFS will investigate how to confirm whether facilities are registered with CPSC and review procedures to ensure all facilities are registered. DCFS will also review its procedures surrounding the license renewal, with special attention given to the random survey of parents to ensure compliance with the Act. Further, DCFS will review its rules for daycare licensing facilities to ensure all required statutory requirements are included. Finally,

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DCFS will review its procedures to ensure its website contains a complete listing of child welfare agencies licensed by the Department, including the most recent annual reports for all child welfare agencies listed.

Updated Response:

Partially Implemented. All documents including a draft policy guide that provides the mandates referenced in the Child Care Act will be sent to Office of Child & Family Policy by the end of April 2022. Once the language is formally adopted into licensing rules, the policy guide will be removed from the website.

23. The auditors recommend DCFS appoint appropriate individuals to the Council and to hold all required DCFS meetings of the Statewide Advisory Board and regional youth advisory boards.

Finding: *(Noncompliance with Statutory Mandates) – Since 2018.*

DCFS failed to comply with various portions of statutory mandates.

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

- During testing, auditors noted the DCFS Advisory Council (Council) did not appoint 6 of the 16 required members, did not include the membership of any youth from the 4 regional youth advisory boards, and did not appoint 1 of the 2 positions required to be filled by an adult former youth in care. DCFS management stated the position vacancies were caused by lack of sufficient resources devoted or allocated to this area.
- During testing, auditors noted 1 of 8 (13%) required quarterly meetings between the Director and the Statewide Advisory Board did not occur, and 6 of 96 (6%) required monthly meetings of the four regional youth advisory boards did not occur. DCFS management stated the meetings did not occur due to uncertainties during the COVID-19 crisis in February 2020 and March 2020.

Failure to have the required number of appointees inhibits the effectiveness of the Council to advise DCFS on its services and programs for youth in care and impairs DCFS' ability to satisfy the legislative intent of the Code. Not conducting all required meetings of the Statewide Youth Advisory Board and regional youth advisory boards delays communication with the DCFS Director on issues and concerns related to foster care, and hampers communication with DCFS on the best methods to provide foster care services to the four designated Illinois regions.

Response:

DCFS agrees with the auditor's recommendation. DCFS will review its process for tracking Board and Council assignments and other responsibilities of DCFS about how

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the Boards and Councils operate to ensure proper staffing and meeting requirements are met.

Updated Response:

Partially Implemented. DCFS has created a new membership form to allow for better tracking of membership for all Boards and Councils. DCFS is tracking Board/Council recommendations and assignments to ensure requirements are met and best practices are being utilized. All department boards and councils continued to meet at least quarterly during the year, utilizing virtual meeting platforms allowing for increased participation. All boards continue to follow their respective bylaws and Open Meetings Act requirements.

24. The auditors recommend DCFS to develop procedures and properly train designated staff to accurately perform monthly reconciliations on a timely basis.

Finding: *(Monthly Reconciliations not Performed Timely) – New*

DCFS did not timely perform monthly reconciliations of DCFS accounting and financial data to the Comptroller records.

During testing of monthly reconciliations of DCFS records to the Statewide Accounting Management System (SAMS), auditors noted the following:

- Monthly expenditures (Reports SB01 & SA02) reconciliations for 10 of 12 (83%) months during FY20 were not performed on a timely basis. The untimely reconciliations ranged from 25 to 299 days late.
- None of the monthly appropriation transfer (Report SB03), contracts (Report SC14), obligation activity (Report SC15), and receipts (Report SB04) reconciliations were completed during FY19 and FY20.
- DCFS could not provide us with documentation showing the date of completion, and thus we could not determine timeliness of completion for the following:
 - o Monthly expenditures (Reports SB01 & SA02) reconciliations for 6 of 12 (50%) months during FY19.
 - o Monthly cash reconciliations (Report SB05) reconciliations for 6 of 12 (50%) months during fiscal year 2019 and 12 of 12 (100%) months during FY20

DCFS management stated DCFS does not currently have procedures in place to complete monthly reconciliations for Report SB03, Report SC14 and SC15. Additionally, DCFS management states due to staff turnover and the lack of proper training for designated staff, monthly reconciliations for Report SB04 and SB05 were not properly completed. Finally, DCFS management states monthly reconciliations of expenditures through Reports SB01 & SA02 were not timely completed due to staff turnover and the implementation of the new Illinois SAP accounting system.

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Response:

DCFS agrees with the auditor's recommendation. With ERP still being relatively new to DCFS, reconciliation tools continue to be developed that are being considered in the development of procedures. Documentation standards are also being developed so that training new staff will be more efficient to allow for DCFS to adjust to turnover in key positions so reconciliations can still be done timely.

Updated Response:

Partially Implemented. Procedures have been developed and vacancies filled to ensure expenditure, revenue and cash reconciliations are being completed timely. DCFS continues to develop procedures for the obligation and appropriation reconciliation requirements.

25. The auditors recommend DCFS review its process for ensuring all equipment records are accurately maintained and updated in a timely manner and also recommend DCFS strengthen its internal control over the accountability of equipment.

Finding: *(Equipment Leases Not Properly Reported) – New*

DCFS did not properly record and report capital equipment leases as part of its inventory of state-owned equipment.

During testing of 24 capital equipment leases (totaling \$1,513,435 in asset cost) entered into during FY19 and 16 capital equipment leases (totaling \$610,850 in asset cost) entered into during FY20, auditors noted the following exceptions for all leases tested:

- DCFS did not include the equipment leases in its quarterly Agency Reports of State Property (Forms C-15) filed for FY19 and FY20.
- DCFS did not mark the equipment leases as state-owned equipment or include in equipment inventory records.
- DCFS did not include the equipment leases in its FY19 and FY20 annual physical inventories of state equipment in their possession to CMS.

DCFS management stated that Forms SCO-560, Accounting for Leases-Lessee, were issued for leases not previously reported to the Comptroller and procedures updated for completing forms SCO560. However, the resulting updates to the reporting of leases to the Comptroller did not correspond to updates of the record and maintenance of DCFS equipment inventory records.

Failure to maintain accurate property records could result in inaccurate reports and mismanagement of state-owned property and is noncompliant with SAMS and the Code.

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Response:

DCFS agrees with the auditor's recommendation. With the statewide implementation of GASB Statement No. 87, the Comptroller has issued new guidance regarding lease reporting. DCFS has been reviewing these new requirements and will develop and implement procedures to ensure compliance with all reporting requirements related to leases, equipment or otherwise.

Updated Response:

Implemented. Procedures have been developed to ensure DCFS' CPA receives updated information on all leases of DCFS to ensure timely and accurate reporting of equipment and leases.

26. The auditors recommend DCFS ensure caseworkers and agencies provide notifications to the parties involved in changes in child placement, within the period established by the Act.

Finding: *(Noncompliance with the Juvenile Court Act of 1987) - New*

DCFS did not provide proper notifications of planned child placement changes as required by the Juvenile Court Act of 1987 (Act) (705 ILCS 405/2-23(3.5)).

During testing of 60 child placements during the engagement period, auditors noted the following:

- For 20 (33%) placements tested, DCFS did not notify parties of the planned placement change in writing.
- For four (7%) placements tested, DCFS could not comment on or provide documentation of notifications of planned placement changes in writing.

DCFS management stated due to increasing demands on caseworkers, and child placements constantly moving, notices are occasionally given to parties involved verbally, and, in some cases, case workers were not certain of the documentation requirements when all parties agreed with the Notice of Decision.

Failure to notify parties of planned placement changes in writing or maintain documentation of notifications of planned placement changes is noncompliance with the Act.

Response:

DCFS agrees with the auditor's recommendation. DCFS will review its policies and procedures and update as necessary. DCFS will also review communication and training practices regarding Notice of Decision moves to ensure all parties are properly notified and documentation of notification is maintained.

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Updated Response:

Under Study. No change.

27. The auditors recommend DCFS update, monitor, and enforce its policies and procedures for initial and annual training to their employees.

Finding: *(Inadequate Controls Over Employee Training Programs) – New*

DCFS did not maintain controls to ensure employees completed required training programs timely.

While performing tests of personnel records, auditors selected a sample of 60 employees to determine if training programs were being performed timely. Auditors noted the following exceptions as a result of our testing:

- Three of 60 (5%) employees hired during FY19 completed the initial ethics and sexual harassment training 126 to 320 days late.
- DCFS could not provide documentation showing completion of the FY19 annual sexual harassment training for three of 60 (5%) employees.

DCFS management stated in 2019, the State of Illinois moved from a paper tracking system to an online tracking system in OneNet. DCFS management stated the DCFS Ethics Office creates OneNet training accounts after an employee is on boarded and they have an active DCFS email account, but the DCFS Ethics Office does not always receive notice of new hires within the first 30 days. In addition, DCFS management states new hires are frequently in other trainings during their first 30 days of employment which affects their ability to take the required ethics and harassment and discrimination prevention trainings. Finally, DCFS management stated the sexual harassment training program is overseen by the statewide Workforce Development, Office of Employment and Training, of which DCFS depends on for supervision and tracking completion of the training program.

Failure to implement adequate controls over employee training increases the risk DCFS will have untrained employees performing critical roles.

Response:

DCFS agrees with and has implemented the auditor's recommendation. DCFS has improved its system for its employee training programs through the use of technology. As noted in the finding above, all exceptions noted were related to FY19 testing. DCFS can more easily monitor employees training progress and involve supervisors and managers to help enforce its policies and procedures for its training programs.

Updated Response:

Implemented. No change.

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28. The auditors recommend DCFS:

- **Develop a process for identifying service providers and assessing the effect on internal controls of these services on an annual basis.**
- **Obtain SOC reports or perform independent reviews of internal controls associated with service providers at least annually.**
- **Analyze the SOC reports obtained to determine the impact of the report's opinion or noted deviations.**
- **Monitor and document the operation of the CUECs relevant to the Department's operations.**
- **Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.**
- **Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.**
- **Ensure performance measures are monitored and documentation is maintained of such.**

Finding: *(Lack of Adequate Controls Over the Review of Internal Controls for Service Providers)*

DCFS had not implemented adequate internal control reviews over its service providers.

Auditors were unable to conclude DCFS' population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).

Even give the population limitations noted above, auditors performed testing over two of the three service providers identified by DCFS. DCFS utilized service providers for hosting services and to provide software as a service. During testing, auditors noted DCFS had not:

- Developed a process for identifying service providers and assessing the effect on internal controls of these services on an annual basis.
- Obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of the two service providers.

In addition, auditors noted the contracts between DCFS and the two service providers did not contain a requirement for an independent review to be completed. Further, DCFS could not provide documentation demonstrating contract performance measures were being monitored.

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DCFS management indicated staff did not have a complete understanding of their responsibilities related to the oversight of service providers.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, DCFS does not have assurance the service providers' internal controls are adequate.

Response:

DCFS agrees with the auditor's recommendation.

Updated Response:

Partially Implemented.

SOC reports are required as part of the System Integrator of the Comprehensive Child Welfare Information System (CCWIS) contract. DoIT-DCFS, Procurement, and Policy have not yet completed the draft of a policy requiring SOC for appropriate service provider contracts.

29. The auditors recommend DCFS:

- **Develop adequate policies and procedures to ensure its applications and data are adequately protected.**
- **Complete a comprehensive risk assessment of its computing resources to identify confidential and personal information to ensure such information is protected from unauthorized disclosure.**
- **Classify its data to identify and ensure adequate protection of information.**
- **Ensure all confidential data is adequately safeguarded through secure means during transmission.**
- **Ensure all employees and contractors complete the annual cybersecurity training.**
- **Ensure all employees and contractors receive and acknowledge receipt and compliance with the Department's policies.**
- **Maintain the population of incidents occurring to the Department's applications and data.**

Finding: (Lack of Cybersecurity Programs and Practices)

DCFS had not implemented adequate practices and controls to protect confidential information.

It is the mission of DCFS to protect the children of the state. As a result of their mission, DCFS maintains large volumes of confidential information including abuse records, health information, Social Security numbers, bank account numbers, etc.

Auditors noted DCFS had not:

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- Developed formal security policies and procedures to ensure its resources and data were adequately protected:
 - o Cybersecurity plan,
 - o Data classification plan,
 - o System development plan,
 - o Project management framework, and
 - o Risk management methodology.
- Performed a comprehensive risk assessment to identify and classify data to ensure adequate protection of confidential or personal information most susceptible to attack.
- Ensured confidential information was adequately protected when emailed, using encryption or using another secure method of transport.
- Developed policies and procedures for reviewing and monitoring security implementation and violations.

Additionally,

- 25 of 25 (100%) employees and contractors sampled had not acknowledged receipt and compliance with DCFS' policies.
- 19 of 25 (76%) employees and contractors sampled had not completed the annual cybersecurity training.

Department management indicated the lack of resources and belief the Department of Innovation and Technology was responsible for cybersecurity controls resulted in the noted weaknesses.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Department's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure.

Response:

DoIT-DCFS is working with the DoIT Enterprise Security team to harden all DCFS systems and computing equipment.

DoIT-DCFS is participating in the DoIT Enterprise Risk Assessment program, this program will create a comprehensive risk assessment.

DCFS data will be classified during FY22.

All employees and contractors are required to complete the annual cybersecurity training. DoIT-DCFS managers are notified if an employee or contractor has not completed the training.

Procedures will be reviewed to ensure proper documentation. Procedures will be reviewed with DoIT-DCFS and DCFS to ensure all employees complete required training and acknowledge receipt and compliance with Department's policies.

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DoIT-DCFS will review procedures for incident reporting to ensure all material incidents with Department applications and data are properly recorded.

Updated Response:
Partially Implemented.

Many improvements have been completed to protect the DCFS systems and computing equipment. Efforts continue including moving to the Illinois.gov domain, implementing a more secure VPN solution, and changing server configurations to be more secure.

Risk assessment is in process. Target completion of the Risk Assessment is July of 2022.

Data classification will be accomplished as the first part of the Comprehensive Child Welfare Information System (CCWIS).

With the planned start of the CCWIS occurring before mid-year of 2022, DoIT-DCFS will not modify existing procedures; appropriate procedures will be implemented as part of the CCWIS program.

The CCWIS contract requires the establishment, training, documenting of a comprehensive incident tracking and reporting solution.

30. The auditors recommend DCFS update its Disaster Recovery Plan to reflect the current environment and once updated, the Plan should be reviewed, updated, and tested at least annually.

Finding: *(Inadequate Disaster Recovery Planning and Testing) - New*

DCFS Disaster Recovery Plan (Plan) contained weaknesses and had not conducted recovery testing.

DCFS maintained several critical systems including, among others, Case Management System (CYCIS), Medicaid Billing System, and the Statewide Automated Child Welfare Information System (SACWIS).

During testing of DCFS' Plan, auditors noted it did not address:

- prioritization of applications and data,
- escalation procedures,
- recovery testing requirements,
- roles and responsibilities, and
- an inventory of hardware and software.

In addition, DCFS had not conducted disaster recovery testing during the examination period.

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DCFS management indicated the lack of resources lead to the weaknesses.

Without an adequately documented and tested contingency plan, DCFS cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster

Response:

DCFS agrees with the auditor's recommendation. DoIT-DCFS will review its Disaster Recovery Plan and update to reflect the current environment. DOIT-DCFS will also review procedures related to reviews, updates and testing to align with industry standards.

Updated Response:

Partially Implemented. The SACWIS system has a Disaster Recovery plan adequate to protect the function of DCFS. A complete Disaster Recovery plan is required of the Comprehensive Child Welfare Information System (CCWIS) and will develop testing procedures and plans.

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.

In January 2022, DCFS reported 37 employees spent more than 50% of their time working at locations other than their official headquarters.