**Section 103.170 Agency plan compliance**

a) The principles and procedures in subsections (c) through (e) of this Section do not replace any of the Departmental accountability standards and procedures currently in effect; rather, they are intended to clarify responsibilities for assuring compliance with all Departmental policy as it relates to the agency plan.

b) Principles

1) All agencies are accountable for the performance levels specified in their agency plans. Variances between the agency plan and an agency's actual performance as submitted to the reporting system shall be reviewed by the Department staff. Services shall be reported as event mode, day mode, residential mode services or other mutually negotiated measurements. An agency must be able to explain these variances to the Department's request.

2) The analysis of financial and statistical variances is not, in itself, an exercise in quality assessment. Variances are principally quantitative measures which should be used as an administrative guide in reviewing program performance.

3) The delivery of human services is not always predictably quantifiable in precise terms; variances, therefore, are not always meaningful measures.

4) All negative variances of 15% or greater in contracted units of service (direct service staff hours, direct service individual (client) hours, and days of care) shall be reviewed. Documentation shall be provided to the Department by the agency identifying the variance, the reason for the variance and action which the agency shall take to correct the variance.

5) The variance levels described in subsection (b) (4) of this Section are not intended to define an acceptable level of service but serve only as a "management flag" identifying the point beyond which formal documentation is required for Department review.

6) In applying these principles, it is important for the mutual expectations between the Department and the agency to be clearly established and for discussions regarding these expectations to be ongoing.

c) Procedures for Department review

1) During the grant year, events occur that may result in variations between the agency plan and the agency's actual performance, either statistically or financially. These variances in performance may be either temporary or permanent.

A) A temporary variance is a difference between the agency plan and actual performance that is caused by a short-lived event or circumstance that will not adversely impact a program's ability to perform as outlined in the agency plan, except in the short term. Best estimates of the program's future financial and service activity would indicate the correctness of staying with the current agency plan rather than changing it to meet the unusual and temporary circumstances. In other words, the causes of temporary variance are, by their nature, not sufficient reason to change the approved agency plan.

B) A permanent variance is a difference between the agency plan and actual performance that is caused by an event or circumstances that significantly alter expectations about the future financial or service activity in terms of a program's ability to perform as outlined in the approved agency plan. The causes of a permanent variance are such that a new agency plan will have to be negotiated between the agency and the Department.

2) It is the Department's responsibility to exercise a review function for all funded agencies assuring accountability for the service levels and costs established in all agency plans. To effectively perform this role, all statistical and financial variances from agency plans shall be reviewed semiannually (at a minimum). In addition, the Department may schedule site visits to agencies as part of this review process.

d) Identifying statistical variances

1) As administrative guide in conducting reviews, Department staff will focus on the following measures which are based on service projections included in the agency plan. These measures indicate the total units of service delivered by a program:

A) Either direct service staff hours, direct service individual (client) hours or total program participant hours, or as appropriate, total individual days of service.

B) For all programs with a variance in one of the above measures, written explanations are required if the variance exceeds minus 15%. For any variance identified in this manner, documentation is required at least semiannually. (Explanations, however, must addresses the variance for each month within the period.)

2) Variances requiring documentation

 Those statistical variances which require documentation are identified in reports generated from the Department's reporting system. Variances will be determined according to the service modality of the program.

e) Audits

 Documentation of variances and the records of renegotiated agency plans form the basis for any after-the-fact review of an agency's relationship with the Department.

(Source: Amended at 17 Ill. Reg. 10282, effective July 1, 1993)