

Review: 4476
Statewide Single Audit
Year Ended June 30, 2016
Department of Children and Family Services

FINDINGS/RECOMMENDATIONS – 10

Repeated – 4

Implemented – 4

Accepted – 3

Partially Accepted – 1

Not Accepted – 2

- 16-27. The auditors recommend DCFS review its current process for identifying and documenting adjustments and implement procedures to ensure the adjustments claimed for the foster care and adoption assistance programs are properly determined and supported. Also, consider implementing additional monitoring controls to ensure the adjustments reported are complete, accurate, and properly supported.**

Findings: DCFS does not have an adequate process for supporting adjustments to the Title IV-E claiming report for the foster care and adoption assistance programs.

During testwork of over 25 adjustments to the foster care and adoption assistance programs reported on quarterly claiming reports filed during FY16, auditors experienced significant delays in receiving detailed documentation supporting the adjustments sampled. DCFS personnel stated that the original files supporting the adjustments had not been maintained and had to be recreated over a period of several weeks for testing.

Auditors also noted the following errors during testwork of documentation supporting the sampled adjustments:

- One decreasing adjustment (totaling \$45,148) selected from the March 31, 2016 foster care quarterly claiming report was improperly reported. In reviewing this adjustment with DCFS personnel, auditors noted the adjustment should have been made to the adoption assistance program, not the foster care program.
- One decreasing adjustment (totaling \$65,080) selected from the December 31, 2015 foster care quarterly claiming report was improper. Upon further review, DCFS determined this adjustment had been made in error.
- One increasing adjustment (totaling \$27,779 and pertaining to the quarter ended June 30, 2015) selected from the June 30, 2016 foster care quarterly claiming report and one increasing adjustment (totaling \$2,353 and pertaining to the quarter ended September 30, 2014) from the March 31, 2016 adoption assistance quarterly claiming report were not supported by eligibility determinations.

In evaluating DCFS' process for identifying and documenting adjustments made to its quarterly claims, auditors noted DCFS has not implemented adequate supervisory reviews or other monitoring controls to determine if the adjustments being made are complete, accurate, and properly supported.

In discussing these conditions with DCFS officials, they stated system limitations which do not allow for the retention of detailed transactional information required the Department to recreate the data for audit purposes. Additionally, the Department noted that summary level reports used to support certain adjustments and the timing of the reporting deadlines resulted in adjustments being made to the wrong program.

Response: Accepted. Improvements in design of our system will ensure detailed transaction information will be maintained on a permanent basis to ensure adjustments are better supported. The Department will also make changes to the manual process of reviewing adoption assistance and foster care adjustments to ensure they are properly categorized. The Department will continue to review its procedures to ensure claiming on all judicial determinations is appropriate and that documentation of eligibility files are complete.

16-28. The auditors recommend DCFS implement procedures to ensure the provider licensing files are complete, including documentation that all required background checks have been performed, and documentation that verifies safety considerations with respect to the staff of child-care institutions has been properly addressed. Additionally, evaluate process for ensuring providers are properly licensed and meet program requirements prior to placing foster care beneficiaries in their care and claiming payments to these providers for federal reimbursement.

Findings: DCFS did not maintain complete provider licensing files, including documentation of required background checks for foster care service providers.

During testwork of 65 foster care maintenance assistance payments (totaling \$134,980), auditors reviewed the associated provider licensing files for compliance with licensing requirements and for the allowability of related benefits paid, and noted the following exceptions in testwork:

- For one foster care beneficiary payment sampled (totaling \$295) with an unlicensed relative service provider, DCFS could not locate documentation evidencing the provider had undergone the proper criminal background checks and child abuse and neglect registry check.
- For 33 foster care beneficiary payments sampled (totaling \$119,218) with child-care institution service providers, the licensing files did not contain documentation that verified the safety considerations with respect to staff of the institution had been addressed. Specifically, required background clearances were not obtained for all staff members.

As of the date of testing, DCFS has not evaluated whether additional errors exist or quantified the impact of these errors on the population.

In evaluating the controls in place relative to this compliance requirement, auditors noted DCFS did not follow its established procedures for ensuring foster care providers were properly licensed prior to claiming foster care maintenance payments. Additionally, monitoring controls were not established to ensure licensing procedures were being followed.

In discussing these conditions with DCFS officials, they stated record keeping systems were not designed to adequately capture the information needed to document the completion of background clearances. As a result, the Department was not able to demonstrate how this requirement had been monitored for all employees at its service providers.

Response: Implemented. The Department received similar recommendations from a Title IV-E foster care Eligibility Review conducted in June 2016. As a result, the Department made significant changes in both licensing and monitoring procedures to ensure that all required background clearances for provider employees are completed timely and that supervisory oversight is documented for provider staff who have not completed the clearance process.

16-29. The auditors recommend DCFS implement procedures to ensure adoption assistance subsidy payments are consistent with the approved subsidy payment amount in the adoption assistance agreement and obtain and include proper supporting documentation for subsidy payment changes in the adoption assistance case files. Additionally, evaluate process for ensuring subsidy payments are consistent with executed agreements or changes are adequately documented prior to paying adoption subsidies and claiming payments for federal reimbursement. (Repeated-2014)

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

During testwork of adoption assistance beneficiary payments, auditors reviewed 50 case files and related benefit payments (totaling \$33,092) for compliance with eligibility requirements and allowability of related benefits and noted the following:

- Two beneficiary assistance subsidy payments sampled were greater than the subsidy amounts documented in the approved adoption assistance agreements. The sampled payments were \$1,577.10 and \$948.06; whereas, the payment amounts in the approved adoption agreements were \$1,550 and \$948, respectively. The case records did not contain documentation supporting another amount had been agreed to by the State and adopting parents.
- Two beneficiary assistance subsidy payments sampled were greater than the subsidy amounts documented in the approved adoption assistance agreements. The sampled payments were \$471 and \$458; whereas, the payment amounts in the

approved adoption agreements were \$384.38 and \$369.01, respectively. Upon further review, auditors noted the monthly payments actually paid at the time of the adoption were \$435 and \$380, respectively, which were consistent with the approved foster care rates at that time based upon the ages of the children. The sampled payments are consistent with the approved foster care rates based upon the current ages of the children; however, auditors noted neither the adoption assistance agreement, nor the case file, discuss using the foster care maintenance payments or any changes to the payment amounts.

Total assistance subsidy payments made on behalf of program beneficiaries were \$61,798,000 during the year ended June 30, 2016.

As of the date of testing, DCFS has not evaluated whether additional errors exist or quantified the impact of these errors on the population.

In evaluating the controls in place relative to this compliance requirement, auditors noted DCFS did not follow its established procedures for documenting changes to subsidy payments prior to claiming them under the adoption assistance program. Additionally, adequate monitoring controls were not established to ensure subsidy payments are consistent with executed agreements or changes are adequately documented in accordance with established procedures.

In discussing these conditions with DCFS officials, they stated the exceptions noted were from older cases (2005 to 2010). The errors in payments were attributed to clerical errors and insufficient review procedures to ensure all documents relevant to the agreements were maintained.

Response: Implemented. The Department has implemented a procedure to assure that all subsidy rate amounts listed in the adoption agreement is in line with the approved subsidy amount listed on the internal verification form (CFS 1800 P). The review process is completed prior to the finalization of the adoption by the Federal Participation Unit. This review process also includes the review of supporting documentation. The Department has also implemented a quality assurance review completed by the data entry supervisor to assure that the amount entered for payment matches the approved amounts listed in the approved subsidy agreement.

16-30. The auditors recommend DCFS review its procedures for retaining and documenting how beneficiaries have met eligibility requirements and implement changes necessary to ensure all judicial determinations and adequate documentation of special needs exists for all children for whom adoption subsidy payments and nonrecurring expenditures are claimed. Additionally, evaluate process for ensuring eligibility requirements are met and adequately documented prior to paying adoption subsidies and claiming payment for federal reimbursement.

Findings: DCFS could not locate case file documentation supporting eligibility determinations for beneficiaries of the adoption assistance program.

During testwork of 50 adoption assistance beneficiary payments (totaling \$33,092), auditors noted the following exceptions at the conclusion of testwork:

- For five adoption assistance payments (totaling \$2,464), DCFS could not locate documentation evidencing the child has special needs. Specifically, DCFS could not locate documentation that the State made reasonable, but unsuccessful, efforts to place the children with appropriate adoptive parents without providing adoption assistance.
- For two adoption assistance payments (totaling \$761), DCFS could not locate the petition to terminate, order to terminate, or surrender of parental rights, evidencing that the child could not or should not be returned to the home of his parent(s). Additionally, for one of these payments, DCFS also could not locate the initial judicial determination effecting that the child's continuation in the residence would be contrary to the welfare of the child. This amount is also included in the first bullet above.
- For one adoption assistance payment (totaling \$104), DCFS could not locate the initial judicial determination effecting that the child's continuation in the residence would be contrary to the welfare of the child. This amount is also included in the first bullet above.

In mid-February, subsequent to reviewing these exceptions, DCFS provided documentation to clear all but one exception in the second bullet (for an adoption assistance payment totaling \$316). In evaluating the controls in place relative to this compliance requirement, auditors noted DCFS did not follow its established procedures for maintaining documentation prior to claiming adoption assistance payments as several attempts needed to be made to obtain support for the sample of adoption assistance payments and related beneficiary case files sampled on November 14, 2016. Additionally, adequate monitoring controls were not established to ensure eligibility requirements were met and adequately documented in accordance with established procedures.

The Department stated case files are maintained in field offices rather than in the centralized eligibility unit, resulting in long lead times to retrieve file documents.

Response: Not Accepted. The Department respectfully disagrees with the auditor recommendation. The Department acknowledges that access to older eligibility files creates delays in providing documentation to the auditors. The Department made procedural changes several years ago to address this issue for newly created eligibility case files, but those changes could not be made to the older files. Documentation within these files, however, did support how eligibility requirements were met and that the conditions of the adoption subsidy payments and nonrecurring expenditures does support the claiming of the federal reimbursement.

Auditors' Comments: As discussed in the finding above, the State is required to have adequate controls in place to ensure eligibility determinations are properly documented prior

to claiming beneficiary payments under a federal program. The decentralized filing system used by DCFS results in significant delays in completing audit procedures. The delays in obtaining documentation for sampled items exceeded three months and documentation for one beneficiary sampled was still not able to be located as of the report date (March 17, 2017).

16-31. The auditors recommend DCFS implement procedures to ensure recertification forms are received in accordance with the State's established process and maintained in the eligibility files for children receiving adoption assistance benefits.

Findings: DCFS did not ensure that adoption assistance recertifications were performed on a timely basis for children receiving recurring adoption assistance benefits.

During testwork of 50 adoption assistance beneficiary payments (totaling \$33,092), auditors noted three case files (with sampled payments of \$1,360) in which DCFS could not locate a recertification form submitted by the adoptive parents within the most recent 12-month period. DCFS claimed reimbursement for adoption assistance benefits made on behalf of these children totaling \$8,304 during the year ended June 30, 2016.

Additionally, auditors noted DCFS has not established adequate control procedures to monitor whether required certifications are obtained and included in its case record files.

In discussing these conditions with DCFS officials, they stated multiple attempts are made to contact adoptive families to complete the recertification process; however, responses are not always received.

Response: Partially Accepted. The Department stated that there is no federal requirement that DCFS receive a recertification. DCFS will review its procedures related to adoption assistance payments made to adoptive families to determine whether modifications to the procedures are necessary to ensure payments are made only when appropriate. Specifically, the Department will consider whether the recertification is necessary or whether alternative documentation should be required when a recertification cannot be obtained.

Auditors' Comment: As noted in the finding above, the State is required to discontinue payments when they determine the adoptive parents are no longer legally responsible for the child and parents are required to keep the State informed of circumstances that would make the child ineligible for adoption assistance payments. The State is also responsible for establishing internal control over compliance with these requirements. DCFS' established procedures require annual recertification procedures to verify the child continues to be eligible which is not being completed on a timely basis.

16-32. The auditors recommend DCFS review its procedures for obtaining and documenting whether judicial determinations have been made for all beneficiaries. Such procedures should include identifying children who are not eligible for assistance under the foster care program as a result of the required judicial determinations not being made.

Findings: DCFS did not ensure that required judicial determinations were made in applicable court rulings, including those pertaining to “reasonable efforts to prevent removal” and “contrary to the welfare”.

During testwork of 65 foster care maintenance assistance payments (totaling \$134,980), auditors reviewed case files for compliance with eligibility requirements and for the allowability of related benefits paid. Auditors noted in one case (with a maintenance payment of \$511), the temporary custody court order contained contradicting evidence as to whether or not the reasonable efforts performed by DCFS eliminated the immediate and urgent necessity to remove the child from the home. Additionally, the temporary custody court transcript could not be obtained to clarify which reasonable efforts determination was properly marked. DCFS claimed reimbursement for foster care maintenance payments made on behalf of this child totaling \$3,389 during the year ended June 30, 2016.

Total maintenance assistance payments made on behalf of program beneficiaries were \$79,947,000 during the year ended June 30, 2016.

As of the date of testing, DCFS has not evaluated whether additional errors exist or quantified the impact of these errors on the population.

In discussing these conditions with DCFS officials, the Department stated the contradiction identified in the court documents was a clerical error in the judicial determination.

Response: Not Accepted. The Department respectfully disagrees with the recommendation. The Department complied with the judicial determination that “there is immediate and urgent necessity to remove the minor from the home and leaving the minor in the home is contrary to the health, welfare and safety of the minor.” The Department was granted temporary custody of the minor in the judicial determination as well. The Department believes the minor was eligible for assistance under the foster care program guidelines as a result of the judicial determination.

Auditors’ Comments: As noted in the finding above, the documentation supporting the beneficiary payment sampled in testwork contained contradicting information as to whether or not the reasonable efforts performed by DCFS eliminated the immediate and urgent necessity to remove the child from the home. DCFS has stated the error was the result of a clerical error on the temporary custody order; however, this error was not identified by DCFS personnel and court transcripts could not be provided to substantiate which determination was accurate. As a result, auditors do not believe the documentation in this case supports the allowability of the beneficiary payments and we have questioned the costs relative to this case.

16-33. The auditors recommend DCFS implement procedures to ensure cash draws are performed in accordance with the TSA or amend the TSA to reflect DCFS' cash draw request practices.

Findings: DCFS did not perform its cash draws in accordance with the funding technique prescribed in the Treasury-State Agreement (TSA).

During testwork over monthly cash draws performed for the foster care and adoption assistance programs during the year ended June 30, 2016, auditors noted 10 draws for each program in which funds were not drawn for receipt on the median day of the month. These draws were performed on dates that resulted in Federal funds being received between 12 days prior to and 13 days subsequent to the median business day of the month during the year ended June 30, 2016.

In discussing these conditions with DCFS officials, they stated the Department performed cash draws on other than the median day of the month to more closely align with the payment schedules for foster care and adoption assistance payments.

Response: The Department agrees with the recommendation. The Department is reviewing the TSA and will work with GOMB to negotiate a draw down date to align more with the cash needs of the program.

Updated Response: Implemented.

16-34. The auditors recommend DCFS implement procedures to ensure cash reconciliations are performed on a monthly basis throughout the year. (Repeated-2014)

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

During testwork over the monthly cash reconciliation process, auditors noted DCFS did not reconcile its cash balances to the IOC's records on a monthly basis during the year ended June 30, 2016. Specifically, auditors noted none of the monthly cash reconciliations for State FY16 were performed.

In discussing these conditions with DCFS officials, they stated personnel vacancies have affected the timeliness of certain procedures during the audit period.

Response: Accepted. Receipts and expenditure reconciliations are currently being performed. The Department is also working towards implementation of a statewide Enterprise Resource Project (ERP) which will provide a more modern general ledger system to enhance reconciliation capabilities. The current timeline calls for an implementation date of ERP of January 1, 2018.

16-35. The auditors recommend DCFS implement procedures to ensure access to its information systems is adequately secured and system access rights are periodically reviewed for appropriateness. Also, implement monitoring procedures to ensure reviews are performed and documented by data stewards in accordance with established procedures. (Repeated-2012)

Findings: DCFS does not have adequate access review controls over information systems used to document beneficiary eligibility determinations, to record program expenditures, and to identify amounts to be claimed under federal programs.

During testwork of DCFS' controls over user access to the federal claiming system applications, auditors noted two semi-annual reviews of user access rights out of five selected for testing were not reviewed by data stewards during FY16. Additionally, auditors noted DCFS has not established procedures to monitor whether data stewards complete access reviews in accordance with established procedures.

Department officials stated that the individual who performed that function retired. Upon his retirement responsibility for this function was transferred to another department. The individuals responsible for this function were not properly trained.

Response: The Department agrees with the recommendation and has completed the employee training to ensure that proper procedure is followed in order to ensure that detailed transaction information and adequate support for adjustments is maintained.

Updated Response: Implemented.

16-36. The auditors recommend DCFS stress the importance of preparing and completing the initial service plans timely to all caseworkers to comply with federal requirements. (Repeated-1999)

Findings: DCFS did not prepare initial case plans in a timely manner for Child Welfare Services beneficiaries.

During a review of 40 case files selected for testwork, auditors noted six of the initial case plans were completed within a range of 24 to 120 days over the 60-day federal requirement.

In discussing these conditions with DCFS officials, they stated that numerous outside factors can influence the timely completion of case plans and coordination. Of the six initial case plans completed after the 60-day federal requirement, it appears that the majority of the cases reviewed show a delay in the completion of the Integrated Assessment (IA) which subsequently caused a delay in the initial service plan being completed within the required timeframe. Services are put in place regardless of whether there is a completed service plan.

Response: Accepted and partially implemented. The Department has updated its policies and procedures related to permanency. Statewide permanency practice training began in

January of 2017 and will continue with Permanency staff until all DCFS/POS staff is trained. The timely development and completion of service planning is emphasized in the updated procedures. The training also provides the federal and state requirements to complete service plans for youth who are in substitute care. Additionally, the training will demonstrate how timely service plans positively impact children and families which can lead to better outcomes and timely permanency achievement.