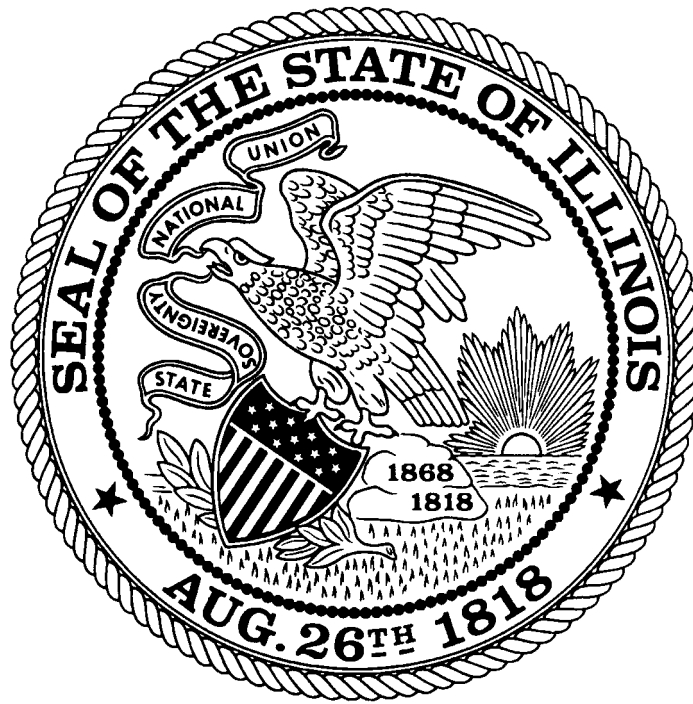


LEGISLATIVE AUDIT COMMISSION



Review of
Department of Children and Family Services
Two Years Ended June 30, 2016

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

REVIEW: 4474
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
TWO YEARS ENDED JUNE 30, 2016

FINDINGS/RECOMMENDATIONS - 16

ACCEPTED - 9
IMPLEMENTED - 7

REPEATED RECOMMENDATIONS - 11
PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 17

This review summarizes the reports of the Department of Children and Family Services (DCFS) filed with the Legislative Audit Commission on May 11, 2017. The auditors performed a financial audit for the year ended June 30, 2016 and compliance examination for the two years ended June 30, 2016 in accordance with State law and *Government Auditing Standards*. The auditors stated the financial statements were fairly presented.

The Department of Children and Family Services is mandated to provide protective and preventive services to children and their families. The Department 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. There are five Department service delivery programs designed to achieve client goals: Protective Services, Family Maintenance, Family Reunification and Substitute Care, Adoption and Guardianship, and Accountability.

Ms. Bobbie Gregg was Acting Director of DCFS during the first seven months of the audit period. Dr. Cynthia L. Tate served as Acting Director for one month. 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 15, 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. Ms. Walker has led efforts to reorganize Illinois' human services agencies since the 1990s.

According to the Department's website, DCFS is organized into six regions: Central, Southern, Northern, Cook Central, Cook North, and Cook South. The Department has 56 field and regional offices. The number of employees was: 2016 – 2,535; 2015 – 2,598 and 2014 – 2,630. See Appendix A for the average number of employees.

Unaudited data regarding the number of abuse and neglect reports and investigations and the services provided to children and families by DCFS are found in Appendix B. In FY16, the 24-Hour Hotline received 245,388 calls. The Department placed 1,872 children through

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adoption and subsidized guardianships in FY16. There were 12,937 children in foster care or relative care in FY16.

Expenditures From Appropriations

The General Assembly appropriated \$1,178,585,603 to DCFS in FY16. The total appropriation came from five different funds, with \$648.4 million, or 55%, from the General Revenue Fund and \$518.6 million, or 44%, from the DCFS Children's Service Fund. Total expenditures, including spending authority granted by the US District Court, were \$1,086,914,774 in FY16 compared to \$1,117,864,778 in FY15, a decrease of about \$31 million, or about 2.76%. Appendix C summarizes the total appropriations and expenditures by fund for FY16, FY15, and FY14. Lapse period spending totaled \$96.5 million, or 8.9%, in FY16. Lapse period spending was primarily due to the nature and timing of billing. According to the Statewide Single Audit of federal expenditures, total expenditures of federal awards by the Department were about \$399.8 million in FY16 and \$401.2 million in FY15 compared to \$398.7 million in FY14.

Appendix D is a schedule of expenditures by division and grants for FY16 and FY15. This information was presented in the FY17 and FY18 Budget Books. Expenditures for awards and grants in FY16 were \$789.6 million compared to \$818.4 million in FY15, a decrease of about \$28.8 million primarily in foster care and group home and institutional care.

Cash Receipts

Appendix E summarizes cash receipts for the period under review. Cash receipts were \$401.4 million in FY16 compared to \$380 million in FY15. The increase in receipts was due to an increase in funds from the federal government in the DCFS Children's Services Fund.

Property and Equipment

Appendix F summarizes the property and equipment for which the Department was accountable. The beginning balance as of July 1, 2014 was \$26,050,343 compared to \$23,591,782 as of June 30, 2016. The schedule in the audit report was prepared from Department records and reconciled to property reports submitted to the State Comptroller.

Accounts Receivable

The Department has two categories of accounts receivable. Parental accounts receivable are a result of fees assessed to parents of children who are receiving benefits from the Department through foster care or other services. Board accounts receivable are a result of overpayments by the Department to providers of care for children. Combined accounts receivable, net, with an allowance for uncollectibles, totaled \$454,000 in FY16.

Status of Management Audit

The Office of the Auditor General conducted a management audit of DCFS' search for missing children. These missing children, all wards of DCFS, were largely runaways, but also included wards whose whereabouts were unknown. The audit was released in December 2014 and contained nine recommendations. One recommendation is implemented and eight are partially implemented. The partially implemented recommendations include: overpayment for services, data accuracy, Child Intake and Recovery Unit (CIRU) notification, caseworker notification, timely reporting of missing wards, completion of follow-up reports, supervisory review, and training/monitoring.

Accountants' Findings and Recommendations

Condensed below are the 16 findings and recommendations, 11 repeated, included in the reports. The following recommendations are classified on the basis of updated information provided by Joe McDonald, Associate Deputy Director, Financial Accounting, in memos received on August 11, 2016 and March 30, 2018 via electronic mail

Accepted or Implemented

- 1. Continue efforts to develop ways to automate various recordkeeping functions and follow the procedures established concerning the welfare of children. The fulfillment of those procedures should be adequately documented. (Repeated-1998)**

Finding: The Department's 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 Department staff (CFS) and 30 child welfare case files managed by purchase of service (POS) contractors, auditors noted the following:

- Thirty (50%) Registration/Case opening Forms were not completed timely.
- Thirteen (22%) Statewide Automated Child Welfare Information System (SACWIS) Risk Assessments were not completed timely.
- Fifty-four (90%) Initial Service Plans were not completed timely.
- Fifty-six (56%) Integrated Assessments were not completed timely. Three children's pictures were not found in the case files or SACWIS.
- Thirty-eight (63%) children's fingerprints were not indicated as being taken and maintained in SACWIS or in case files.
- Five Initial Placement Checklists were not found in files.
- Three files lacked Permanency Planning Checklists or Permanency Court Orders or Placement Agreements.

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Accepted or Implemented – continued

- Three Placement & Payment Authorization Forms were not maintained in the case files.
- Thirty-seven (62%) Child Identification Forms were not maintained in the case files.

Additionally, auditors utilized the administrative case reviews (ACR) from the same sample to test compliance with the Illinois Administrative Code's 21-day notification requirement. The sample of 60 cases resulted in 103 ACRs, which generated 409 notifications to all parties involved. Auditors noted the following:

- 321 notifications (78%) were sent at least 21 days prior to the ACR date as required.
- 47 letters (12%) were sent with less than 21 days' notice.
- 41 letters (10%) were not sent for various reasons.

The Department stated that complexity of case file management and incomplete follow through of case procedures contributed to the issues identified.

Response: Accepted. The Department will continue to stress the importance of adequate and timely documentation for all child and family cases. The Department continually updates written procedures as changes and requirements in case practices are identified, approved and adopted. Communications to caseworkers and supervisors take place through announcements on the Department's intranet and email, through notes to automated case recordkeeping releases, trainings, and written Policies, Procedures, and Administrative Procedures. All Policies, Procedures and Administrative Procedures are available through the Department's intranet and web site.

The requirement of photos and fingerprints is for the purpose of notifying law enforcement with a recent photo, and for fingerprints in particular for missing youth. Through a policy guide and statewide, regional and local meetings with staff, supervisors, and administrative staff, the Department will emphasize the importance of maintaining records on youth in care in accordance with policy.

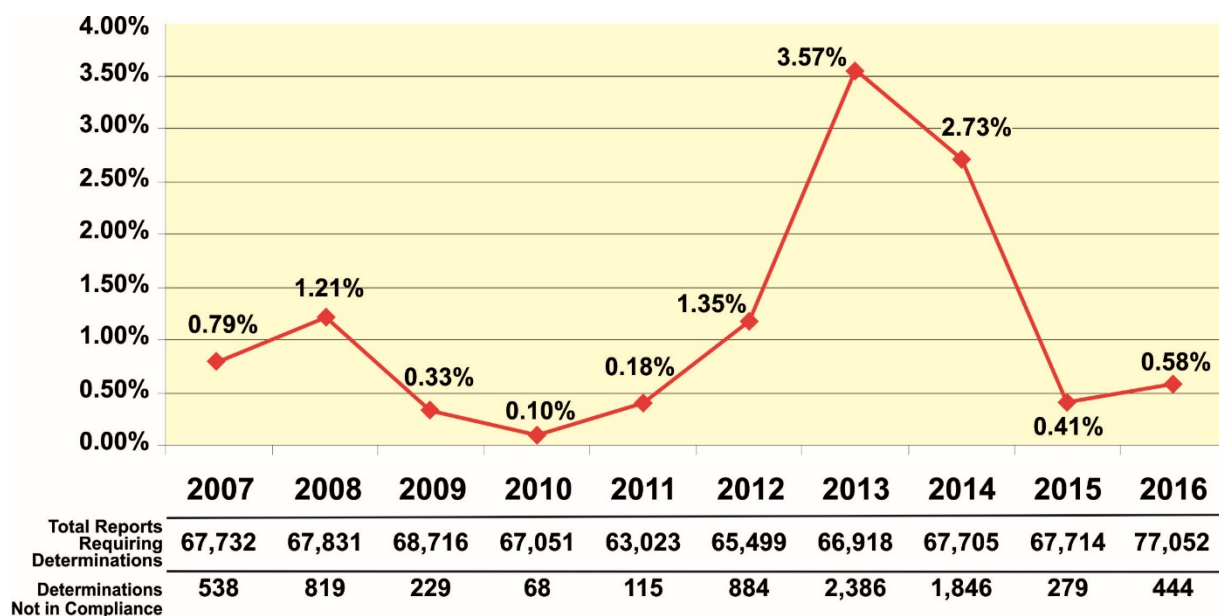
To address the deficiencies in the areas of Medical & Dental Consent forms, Family Assessment Factor Worksheets, Initial Placement Checklists, Permanency Planning Checklists, and Placement & Payment Authorization Forms, regional management staff has been given the responsibility to implement monitor and review processes that will ensure that documents in case files are current. The status of this monitoring process is discussed in weekly meetings with regional management staff and during quarterly meetings with all supervisors/program managers.

DCFS has released policy guide revisions and will continue to review current guidelines to ensure that Initial Service Plans and Integrated Assessments are completed timely. The policy guides will be discussed at statewide, regional and local levels. To address the issuance of timely notices regarding administrative case reviews, the Department is reviewing the details and identifying circumstances surrounding the timing. As the review progresses, any changes to rule, procedure, or practice that may be needed will be initiated.

2. Determine reports of child abuse or neglect in compliance with the timeframe mandated by the Abused and Neglected Child Reporting Act. (Repeated-1998)

Finding: The Department did not make timely determinations in 444 of the 77,052 and in 279 of the 67,714 reports of child abuse and neglect referred to the Department during FY16 and FY15, respectively, of whether the reports were “indicated” or “unfounded” as required by the Abused and Neglected Child Reporting Act.

The Department’s 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) as follows:



The Department stated that it recognizes the importance of making timely determinations in child abuse and neglect reports. However, it also recognizes the importance of completing a thorough investigation and working in conjunction with law enforcement agencies who may have concurrent investigations.

Response: Accepted. The Department will continue to make all efforts to determine 100% of reports of child abuse and neglect within the timeframe mandated by the Abused and Neglected Child Reporting Act. The Department regularly analyzes data related to the causes of untimely determinations and makes a focused effort to remedy the issues found and to monitor the determination rate.

Staffing levels continue to be a challenge for the Department. As staff numbers decrease and the resulting number of caseloads rise, timely determination of cases is impacted. Over the past fiscal year, the Department has made diligent efforts to increase the pool of qualified

Accepted or Implemented – continued

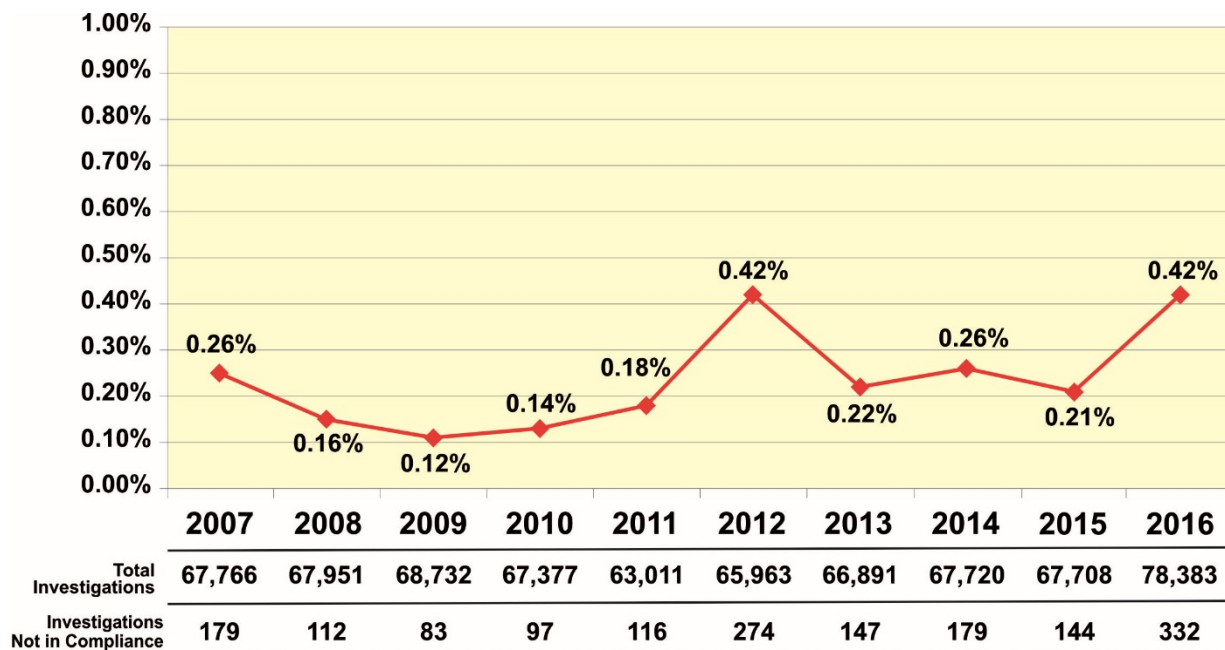
candidates for child protection investigator positions. Those efforts include an expansion of eligible degrees, special grading sessions through Central Management Services to review applications, and heightened recruitment activities to secure qualified candidates. In addition, vacancies are reviewed monthly and filled quickly. The result of these efforts has been positive and vacant investigative positions are decreasing.

With manageable caseloads, staff can better focus on the timely determination and completion of cases as mandated by the Abused and Neglected Child Reporting Act. Administration continues to monitor cases for timeliness and is addressing performance issues as they are identified. The Department recognizes the importance of meeting 100% compliance with this timeframe and remains committed to attaining this goal.

3. Continue to strive to initiate investigations of all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Abused and Neglected Child Reporting Act. (Repeated-1998)

Finding: The Department did not timely initiate an investigation for 332 of the 78,383 reports of child abuse and neglect in FY16, and for 144 of the 67,708 reports in FY15.

The Abused and Neglected Child Reporting Act requires child abuse and neglect investigations “be commenced within 24 hours of receipt of the report”. The Department’s Monitoring/Quality Assurance Division has compiled the following statistics:



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According to Department personnel, noncompliance occurs when staff record the wrong initiation time and date when entering data, there is a computer system malfunction, or through worker performance issues.

Response: Accepted. The Department continues to make all efforts to attain 100% compliance with the statute to initiate all reports of child abuse and neglect within twenty four hours. The Department recognizes the importance of ensuring child safety and well-being and will maintain the goal to initiate all reports of child abuse and neglect within the 24 hour mandate.

Staffing levels continue to be a challenge for the division of child protection as vacancies increased while qualified candidates for child protection investigators positions decreased. As average caseloads increased, the 100% compliance goal of initiating new reports in 24 hours also increased slightly. The Department has taken major steps over the past year to increase the pool of eligible candidates to include additional expanded degrees which will qualify, special grading sessions with Central Management Services to review applications, and enhanced recruitment activities for qualified candidates by the Division of Employee Services. Vacancies are reviewed monthly and filled quickly as candidates are identified.

The Department remains diligent in ensuring manageable child protection caseloads and focusing efforts on timely data entry, the reduction of data entry errors, and addressing performance issues as they occur.

- 4. Obtain or perform independent reviews of internal controls associated with outsourced systems. The independent reviews should include an assessment of the following five key system attributes, as applicable:**
 - **Security** - The system is protected against both physical and logical unauthorized access.
 - **Availability** - The system is available for operation and use as committed or agreed.
 - **Processing integrity** - System processing is complete, accurate, timely and authorized.
 - **Confidentiality** - Information designated as confidential is protected as committed or agreed.
 - **Privacy** - Personal information is collected, used, retained, disclosed and disposed of in conformity with Department requirements.

Also, review the report, assess the effect of any noted deficiencies, and identify and implement any compensating controls. Reviews and corrective actions taken by the service provider should be documented and maintained. Further, include provisions for an internal controls review in the agreements with service providers.

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Accepted or Implemented – continued

Finding: The Department did not obtain Service Organization Control (SOC) reports or conduct independent internal control reviews of outsourced information systems controlled by external parties.

The Department utilized multiple applications developed and hosted by external service providers. These include applications to track client referred services, searching for individuals associated with a minor who are behind on child support, identifying issues that would prohibit someone from obtaining a license, containing Medicaid billing information, and foster care placements.

The Department did not obtain SOC Reports or conduct independent internal control reviews of the external providers. In addition, the agreement between the Department and the external service providers did not require an independent review to be completed.

The Department stated there are limited resources available to administer these reviews. In addition, they lack the authority to perform these reviews because the current agreements do not require them or dictate consequences of not completing the review.

Response: Accepted. The Department stated they will send a Security and Privacy Controls Questionnaire (SPCQ) to all providers of outsourced systems.

The Department will review the questionnaire, assess the effect of any noted deficiencies, and identify and implement any compensating controls. The Department's reviews and corrective actions taken by the service provider should be documented and maintained.

The Department of Innovation and Technology (DoIT) is developing policies dictating provisions for internal controls in the agreements with service providers. The department will include those controls in all agreements with service providers.

5. Complete and submit form SCO-560, Accounting for Leases-Lessee, as required by SAMS.

Finding: The Department did not complete form SCO-560, Accounting for Leases-Lessee, for all items of leased property with a fair market value (FMV) greater than \$5,000.

During property and equipment testing, auditors reviewed a sample of Department leases for copiers. Auditors noted a master contract that included a listing of equipment leased by the Department, and there were six copier models with a unit price in excess of \$5,000 described in the master contract. Furthermore, the total lease payments for each of those six models exceeds \$10,000 (over the three-year life of the lease). Auditors noted 112 of these copier models being leased by the Department in FY16. However, the Department did not complete or submit forms SCO-560 to report this information to the Office of the Comptroller.

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The Department stated the identified issues were due to employee error and lack of understanding of the requirements.

Updated Response: Implemented.

6. Comply with the Fiscal Control and Internal Auditing Act and ensure the internal auditing program includes reviews of major modifications to existing systems. (Repeated-2014)

Finding: The Department did not fully comply with the Fiscal Control and Internal Auditing Act.

The Department's Office of Internal Audits did not complete audits of major modifications of two existing systems before their installation. The Statewide Automated Child Welfare Information System (SACWIS) had several major changes with release dates ranging from May 2015 through July 2016, and the Adoption and Foster Care Analysis and Reporting Systems (AFCARS) underwent significant modifications in May 2015. The Department could not provide documentation of reviews of any of these computer system modifications before they were placed into production during the engagement period.

Department officials stated the lack of audits was due to a necessity to prioritize other Department audits as a result of limited resources.

Response: Accepted. The Office of Internal Audits has an Auditor In-Charge starting May, 2017, which will assist the Department in compliance with the Act, to include reviews of major modifications to existing systems.

7. Ensure all contracts are approved and signed before the beginning of the contract period. (Repeated-2002)

Finding: The Department did not have fully approved contracts prior to commencement of services.

During review of a sample of 80 contracts, totaling \$84.2 million, auditors noted that 34 contracts (43%) had a final signature date from one to 244 days after the effective start date of the contract. Consequently, services were performed prior to final execution of these contracts.

The Department stated that due to delays in budget negotiations regarding appropriations, the Department could not send out the contracts to the providers until mid-June, making it difficult to obtain contracts signed by all parties prior to effective start dates.

Accepted or Implemented – continued

Response: Accepted. The Department agrees that it is prudent to ensure all contracts are approved and signed before the beginning of the contract period.

Contracts subject to the Procurement Code are executed prior to service delivery. However, Purchase of Care contracts are specifically exempted from the Procurement Code because of the need to provide services to children in care, or prevent a disruption of those services, circumstances do not always allow time for a contract to be executed prior to the start of those services. The B.H Consent Decree requires the Department to continue services to youth in care and any disruption of service would be considered violation(s) of the court order. In addition, lack of a timely budget prevents the Department from obtaining required signatures prior to the start of the fiscal year.

The Department is committed to reducing the number of contracts where services are provided prior to the date of the final signature.

8. 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. (Repeated-2012)

Finding: The Department did not adequately document monitoring of provider agencies for compliance with contract terms.

The Department could not provide documentation demonstrating monitoring had occurred as specified in the contracts for four of 30 (13%) contracts totaling approximately \$3.8 million tested from the awards and grant appropriations.

The Department indicated that issues related to contract monitoring were due to inadequate staffing levels in the Central Region.

Response: Accepted. The Department accepts the recommendations and agrees that contract monitoring is an essential oversight responsibility of the Department.

The Department has addressed staffing concerns by appointing a new Chief Accountability Officer, appointing a new Deputy Director of the Office of Contract Administration, and filling supervisory positions in regional Office of Contract Administration units.

In addition to addressing staffing concerns, the Department plans to evaluate the need for additional or revised monitoring training; to reinforce the importance of keeping the Program Monitor information current and up to date; to create an automated error report from the Monitoring Database which will identify those contracts that have fallen behind with the required activities, to review the results of monitoring activity as entered into the Monitoring

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Database, and to discuss those result/error reports with Exec Staff at regular Deputy Meetings.

9. Comply with the State Services Assurance Act or, alternatively, if determined that the bilingual staffing level required by the Act is not representative of its needs, seek a legislative remedy to the statutory requirement. (Repeated-2010)

Finding: The Department did not increase and maintain the number of bilingual staff as required by the State Services Assurance Act for FY2008.

The Act required that on or before July 1, 2008 the Department increase the number of bilingual on-board frontline staff by 40 over the levels that it maintained on June 30, 2007. The Act also requires the Department to maintain its bilingual staff at the increased level.

At June 30, 2007 the Department had 154 bilingual frontline staff. Therefore, it is required by the Act to maintain a bilingual staffing level of 194. However, the Department's number of bilingual staff on June 30, 2016 was 161.

Department officials stated the number of children in care has dramatically decreased over the years, which has resulted in a reduction in the total number of Department staff as well as staff needed to manage caseloads. In addition, Department officials stated that turnover and budget constraints have made it difficult to increase bilingual staff.

Response: Accepted. The Department continues to increase the number of bilingual direct service staff. As of March 31, 2017, the Department has filled 178 positions towards its goal of 194 bilingual direct service staff. Latino Services is aggressively working with the Office of Employee Services in attending recruitment events and, along with the Office of Communications, communicating the need for bilingual staff. Department of Central Management Services has greatly improved its application grading process and time notification to applicants and the Director has requested that pending DCFS applications be given priority for grading.

10. Enforce the existing policies regarding timely completion of performance appraisals and ensure evaluations are properly documented and maintained in employee personnel files. (Repeated-2008)

Finding: The Department did not complete annual performance evaluations on a timely basis.

Upon review of 30 personnel files for each fiscal year, auditors determined eight out of 30 (27%) employees did not receive evaluations in FY15 and eight out of 30 (27%) employees did not receive evaluations in FY16.

Department personnel stated that supervisors do not complete evaluations timely due to other priorities.

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Accepted or Implemented – continued

Response: Accepted. The Department agrees that evaluations should be performed timely and acknowledges that timely annual evaluations for all certified employees are necessary. Management will work towards improving its efforts to meet the requirements of the Illinois Administrative Code related to evaluations.

The Department has implemented a tickler system that notifies the appropriate supervisor/manager when an evaluation will soon be due and when it is overdue. In addition, submitting timely evaluations is considered a performance objective for all supervisors and managers. Compliance with this objective is tracked and monitored as failure to do so is an indication of poor management and should be reflected in supervisor and manager performance evaluations.

11. Comply with the Illinois State Collection Act of 1986 by requesting earned federal reimbursements more timely. (Repeated-2012)

Finding: The Department did not timely request reimbursement of federally supported programs.

The Department participated in approximately 24 federally supported programs in FY16. Of the 24 programs, four 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 four grants (amounts in thousands):

Grant ID	PY Receivable	CY Reimbursable Costs	CY Receipts	CY Receivable	CY Receivable as a % of CY Reimbursable Costs
1127	\$7,589	\$10,124	\$10,119	\$7,594	75%
1130	\$7,609	\$14,495	\$12,016	\$10,088	70%
1133	\$4,109	\$5,435	\$0	\$9,544	176%
1134	\$1,328	\$1,762	\$0	\$3,090	175%

According to Department personnel, the Department focused on drawing down older receivables in the larger (major) programs first. Smaller, non-major program funds are drawn down after the receivables in the major programs are exhausted.

Response: Accepted. The Department is in the process of reviewing cash management procedures related to federal grants and will make changes to ensure federal reimbursements are requested more timely.

Updated Response: Implemented.

12. Ensure employees' accident reports are submitted to DCMS within seven calendar days of accidents, as required by the Illinois Administrative Code and DCMS Vehicle Guide. (Repeated-2012)

Finding: Department employees failed to timely file accident reports.

During the examination period, Department employees were involved in 12 accidents while on official State business. Auditors noted four of the 12 related accident reports were not filed with the Department of Central Management Services (DCMS) within seven days. The reports ranged from one to 19 days late.

Department officials stated that although employees are notified of the 7-day reporting requirement, employees involved in accidents while on official State business erred by failing to complete reports timely to DCFS to allow timely submission to DCMS.

Response: Accepted. The Office of Administrative Services will continue to submit accident reports to Central Management Services upon receipt of the report from the employee within 7 calendar days of the accident as required by Code and Guide. The Office of Administrative Services will do due diligence to notify an employee on the date that this office is notified of an accident while on state duty and submit forms to Central Management Services upon receipt of form from employee. The Office of Administrative Services is also setting up dual notification from and to the Office of Payroll/Workers Compensation to notify each other when notification is received from an employee of an accident related incident.

Updated Response: Implemented.

13. Ensure annual reports required by the Custody Relinquishment Prevention Act are timely prepared and filed with the General Assembly.

Finding: The Department did not submit an annual report to the General Assembly, as required by the Custody Relinquishment Prevention Act.

The Act, which became effective January 1, 2015, requires the Department to submit an annual report to the General Assembly on (a) the number of children and youth who were relinquished to the Department for purposes of receiving treatment for their serious mental illness or emotional disturbance; and (b) the length of treatment and status of the children and youth at the termination of services. Also, pursuant to the Act the Department entered into an interagency agreement with the DHS, DHFS, ISBE, DoJJ, and DPH for the purpose of preventing children and youth who are not otherwise abused or neglected from entering the custody or guardianship of the Department solely for the purposes of receiving services for a serious mental illness or serious emotional disturbance.

Accepted or Implemented – continued

The interagency agreement requires submission of a report to the General Assembly that includes: the number of children and youth who were intercepted to prevent custody relinquishment and the services they were connected with to prevent custody relinquishment and to stabilize the child; the duration of the services received; and, the number of families that failed to stabilize and turned to the Department for services, and that relinquished custody.

As of the date of fieldwork procedures, October 26, 2016, the Department had not submitted either required annual report to the General Assembly. Subsequently, a report to the General Assembly was filed February 27, 2017; however, the filed report did not contain the required information noted above due to the program not yet being fully implemented. Department personnel stated that, although there had been many meetings with all agencies involved in the interagency agreement, the agreement had not been fully implemented.

Updated Response: Implemented.

14. Timely submit annual reports on the effectiveness of the community based system of integrated child welfare and substance abuse services as required by the Abused and Neglected Child Reporting Act. (Repeated-2012)

Finding: The Department did not timely submit annual reports as required by the Abused and Neglected Child Reporting Act to the General Assembly or Governor documenting the case management protocols and the program's effectiveness in FY15 or FY16 until February 2017.

Department personnel stated the failure to file the reports on a timely basis was due to employee error.

During the current examination, the Department and the Secretary of State executed an interagency agreement to enable access to driver's license records as required by the Act.

Updated Response: Implemented.

15. 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 Children and Family Services Act.

Finding: The Department did not maintain a Governor's Youth Services Initiative Program to provide assistance to multi-problem youth.

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The Children and Family Services Act requires the Department, in cooperation with the DoJJ, DHS, and ISBE, to establish the Governor's Youth Services Initiative. This program shall offer assistance to multi-problem youth whose difficulties are not the clear responsibility of any one State agency. Further, the Act requires a policy board be established for decision-making, which shall meet at least quarterly.

Although auditors noted that rules had been promulgated concerning the initiative, Department personnel were unable to identify the current existence of the program or any activity related thereto.

The Department stated that, as set forth in the Act, the decision to establish and to maintain an initiative program shall be based upon the availability of program funds and the overall needs of the service area. No funds were appropriated to fund this initiative in FY15 or FY16.

Updated Response: Accepted. Due to frequent changes in administration and division leadership, a lead was not established to follow through on the previous response to the recommendation in regards to funding. In order for monies to be identified, a lead administrator/ liaison needs to facilitate meeting(s) between the responsible state agencies to establish an intergovernmental agreement, specify services, and identify funding sources. The Department has explored using current multi-system collaborations as a mechanism to meet the needs of multi-problem youth. In February 2017, the Department began the development of the Office of Delinquency Prevention and Restorative Justice (DPRJ). This unit was created to develop, coordinate, and align policy and programs for multi-problem youth, particularly those youth that cross over between child welfare and juvenile justice, youth disconnected from school and employment, and/ or youth at-risk of aging out of care without permanent adult connections. DPRJ currently collaborates with Department of Juvenile Justice and will establish meetings with DJJ, DHS, and ISBE leadership to further address the recommendations moving forward. The Department is currently partnering with IDJJ, Cook County Probation, and will identify other state partners such as DHS and ISBE in applying for a Multi-System Collaboration Training and Technical Assistance Grant offered through the United States Office of Juvenile Justice and Delinquency Prevention and Center for Juvenile Justice Reform. The grant application is due on August 11th, 2017.

Current Status: Implemented 3/29/18.

16. Annually report on the measures of success of providing youth with scholarships and fee waivers as required by the Children and Family Services Act.

Finding: The Department did not provide to the General Assembly information on outcomes related to scholarships received by youth.

The Children and Family Services Act directs the Department to annually select a minimum of 53 students to receive scholarships and fee waivers to enable the youth to attend and

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Accepted or Implemented – concluded

complete their post-secondary education. In connection with this initiative, the Department is to annually collect data and report to the General Assembly on the measures of success of this effort. However, during the examination period the Department had not filed a report with the General Assembly as required by the Act.

The Department stated that the failure to submit the referenced reports on a timely basis was due to employee error.

Response: The required reports for fiscal years 2015 and 2016 were filed with the General Assembly in April, 2017. In order to ensure that reports are timely prepared and filed in the future, the DCFS Legislative Office will schedule and send notifications to the unit that prepares the required reports prior to their due dates.

Updated Response: Implemented.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, “It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...” The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. 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.

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During FY15 and FY16, the Department filed three affidavits for emergency purchases with the Office of the Auditor General as follows:

- \$173,409 for wards to receive continued Medicaid Community Mental Health Services (FY15);
- \$244,204 to contract with a vendor to provide Data Collections Services that provide policy indicators for the State (FY15); and
- \$1,203,576 for a one-time purchase of Informatica products and service credits, associated software options, connectors and professional configuration and implementation services. These items were bid, but the only offer was disqualified (FY16).

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required 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 July of 2016, the Department indicated it had eight employees who spend more than 50% of their time working at locations other than their official headquarters.

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APPENDIX A

Employees by Division

	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>
Child welfare	610	571	608
Child protection	853	891	938
Purchase of service monitoring	386	428	380
Budget and Finance	292	295	176
Central Administration	102	109	161
Administrative case review	-	-	44
Office of the guardian	30	29	61
Clinical services	96	93	89
AFCAR/SACWIS	56	60	69
Quality assurance	-	-	31
Title IV-E reimbursements	14	15	17
Inspector General	19	18	17
Targeted case management	36	47	26
Foster care/adoption training	19	5	2
Attorney General CW litigation	7	6	1
Foster care initiative	5	24	5
Independent living initiative	3	4	4
Children's Justice Act	1	1	1
MCO Technical Assist	1	1	-
Fed Child Welfare Projects	4	-	-
Health care network	1	1	-
TOTAL	<u>2,535</u>	<u>2,598</u>	<u>2,630</u>

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APPENDIX B

Service Efforts and Accomplishments

	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>
<u>Protective Services</u>			
Family reports investigated	78,581	67,734	67,747
Hotline calls	245,388	222,719	231,536
Children investigated	127,249	110,079	109,782
Indicated family reports	18,910	19,337	19,105
Percentage of investigations indicated	24.1 %	28.5 %	28.2 %
<u>Family Maintenance</u>			
Intact families at end of fiscal year	3,056	3,066	3,677
Family cases closed	6,306	7,105	7,558
Intact family cases open over 12 months	616	619	709
<u>Adoption and Guardianship</u>			
Number of children receiving adoption payments	19,528	20,498	23,996
Number of children receiving guardianship payments	2,810	2,972	3,494
Number of children adopted	1,560	1,838	1,724
Number of children to guardianship	312	457	303
<u>Family Reunification and Substitute Care</u>			
	597	669	727
Children in regular foster care	3,830	4,001	4,093
Children in relative care	6,769	6,428	6,311
Children in residential placements	1,104	1,207	1,331
Children in specialized foster care	2,338	2,436	2,664
Children in "return home" goal	NA	6,762	6,854
Children placed outside home (end of year)			
paid placements	14,638	14,741	15,126
Child cases closed	5,233	5,481	5,602
Percentage of children returned home	17.2 %	17.1 %	15.5 %
Number of children returned home	2,219	2,240	2,025
Median length of time open for children in substitute care (yrs)	2.1	2.1	-
<u>Accountability</u>			
Total number of DCFS licensed child welfare agencies	156	166	169
Total number of licensed foster homes	10,392	10,539	11,307
Total number of licensed day care facilities	10,036	11,213	12,051
Total number of licensed institutions & group homes	183	190	200
Annual case reviews (ACR) held	17,583	17,911	-
Percentage of wards receiving required ACR's	98.6 %	98.3 %	97.7 %
Percentage of agency & institution licensing renewals completed	74.2 %	79.4 %	92.1 %

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APPENDIX C

Summary of Appropriations and Expenditures by Fund

	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>
TOTAL APPROPRIATIONS	<u>\$ 1,178,585,603</u>	<u>\$ 1,165,961,800</u>	<u>\$ 1,181,690,700</u>
<u>EXPENDITURES</u>			
<u>General Revenue Fund</u>			
Regular positions	\$ 201,874,895	\$ 204,761,576	\$ 207,021,830
Social security /medicare	14,843,237	15,069,651	15,245,221
Contractual services	23,733,308	24,799,873	25,262,064
Travel	5,804,709	5,880,781	6,025,885
Commodities	235,884	252,957	321,605
Printing	285,023	304,282	306,981
Equipment	40,300	31,616	18,539
Electronic data processing	1,442,397	1,437,588	1,269,136
Telecommunications	3,994,669	3,685,077	3,930,024
Operation of auto equipment	132,957	113,768	137,413
Awards & grants lump sum	347,090,243	396,223,600	404,604,202
Awards & grants	8,038,992	8,487,253	9,059,286
Lump sums and other purposes	9,770,612	9,754,548	10,009,320
Lump sum, operations	462,046	456,363	136,802
Awards and grants to students	1,008,091	991,511	925,889
Tort Claims	27,364	22,123	34,059
Refunds	8,650	7,610	8,491
Total General Revenue Fund	<u>\$ 618,793,377</u>	<u>\$ 672,280,177</u>	<u>\$ 684,316,747</u>
Children's Services Fund	462,869,799	439,143,161	438,178,352
Federal Projects Fund	4,911,576	6,089,248	6,367,941
Special Purpose Trust Fund	250,287	252,192	130,000
Child Abuse Prevention Fund	89,735	100,000	149,409
TOTAL EXPENDITURES	<u>\$ 1,086,914,774</u>	<u>\$ 1,117,864,778</u>	<u>\$ 1,129,142,449</u>

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DEPARTMENT OF CHILDREN AND FAMILY SERVICES
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APPENDIX D

Schedule of Expenditures by Division *

	FY16	FY15
<u>Expenditures by Division</u>		
Regional Offices	\$ 756,549,600	\$ 786,243,500
Central Administration	27,816,400	29,559,000
Regulation and Quality Control	32,185,800	38,640,800
Child Welfare	68,396,100	78,630,500
Child Protection	102,977,300	113,437,000
Budget, Legal, and Compliance	78,301,500	49,201,600
Clinical Services	16,926,900	17,166,400
Office of the Guardian	2,461,300	3,019,500
Inspector General	1,300,000	1,966,600
Total by Division	\$ 1,086,914,900	\$ 1,117,864,900
<u>Expenditures from All Funds</u>		
Total Personal Services and Fringe Benefits	\$ 216,718,100	\$ 219,831,200
Total Contractual Services	23,733,300	24,799,900
Total Other Operations and Refunds	11,944,600	11,713,700
Total Designated Purposes	44,920,400	43,108,100
	\$ 297,316,400	\$ 299,452,900
<u>Awards and Grants</u>		
Adoption and Guardianship Services	\$ 173,169,100	\$ 179,738,900
Cash Assistance and Housing Locator Services	3,067,200	3,238,200
Child Abuse Prevention	89,700	100,000
Children's Advocacy Centers	3,199,500	3,219,700
Children's Personal/Physical Maintenance	2,289,500	2,625,200
Counseling and Auxiliary Services	15,041,500	16,099,100
Department Scholarship Program	1,008,100	991,500
Family Centered Services Initiatives	14,304,400	14,303,700
Family Preservation Program	25,771,400	26,012,700
Foster Care and Adoption Care Training Services	7,588,400	7,242,800
Foster Homes and Specialized Foster Care	290,281,400	299,403,500
Health Care Network	3,842,700	3,921,200
Institution and Group Home Care and Prevention	211,688,800	222,944,000
Juvenile Justice Title IV-E	316,200	-
MCO Technical Assistance and Program Development	1,328,500	1,359,700
Pre-Admission/Post Discharge Psychiatric Screening	2,935,900	2,902,900
Protective/Family Maintenance Day Care	23,752,900	23,776,700
Psychological Assessments, include Operations, Admin Expenses	2,699,700	2,714,900
Purchase of Children's Services	-	-
Services Associated with the Foster Care Initiative	6,063,400	6,895,300
Tort Claims	293,400	57,300
Youth in Transition Program	866,800	864,500
TOTAL AWARDS AND GRANTS	\$ 789,598,500	\$ 818,411,800
TOTAL EXPENDITURES FROM ALL APPROPRIATED FUNDS	\$ 1,086,914,900	\$ 1,117,864,700

*From FY17 & FY18 budget books

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APPENDIX E

	<u>Cash Receipts</u>		
	<u>FY16</u>	<u>FY15</u>	<u>FY14</u>
General Revenue Fund			
Child Welfare	\$ 14,083,333	\$ 13,000,000	\$ 13,000,000
Miscellaneous	331,372	71,744	53,485
Parents' contributions for care & maintenance	29,038	4,459	14,003
Children's Services Fund	382,522,216	359,271,275	356,874,244
Federal Projects Fund	4,439,754	7,555,832	6,198,002
Special Purpose Fund	<u>38,352</u>	<u>124,527</u>	<u>175,187</u>
TOTAL CASH RECEIPTS	<u>\$ 401,444,065</u>	<u>\$ 380,027,837</u>	<u>\$ 376,314,921</u>

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APPENDIX F

Summary of Property and Equipment

	<u>FY16</u>	<u>FY15</u>
Beginning Balance, July 1	\$ 24,552,139	\$ 26,050,343
Additions	1,456,976	4,393,657
Deductions	<u>(2,417,333)</u>	<u>(5,891,861)</u>
Ending Balance, June 30	<u>\$ 23,591,782</u>	<u>\$ 24,552,139</u>
