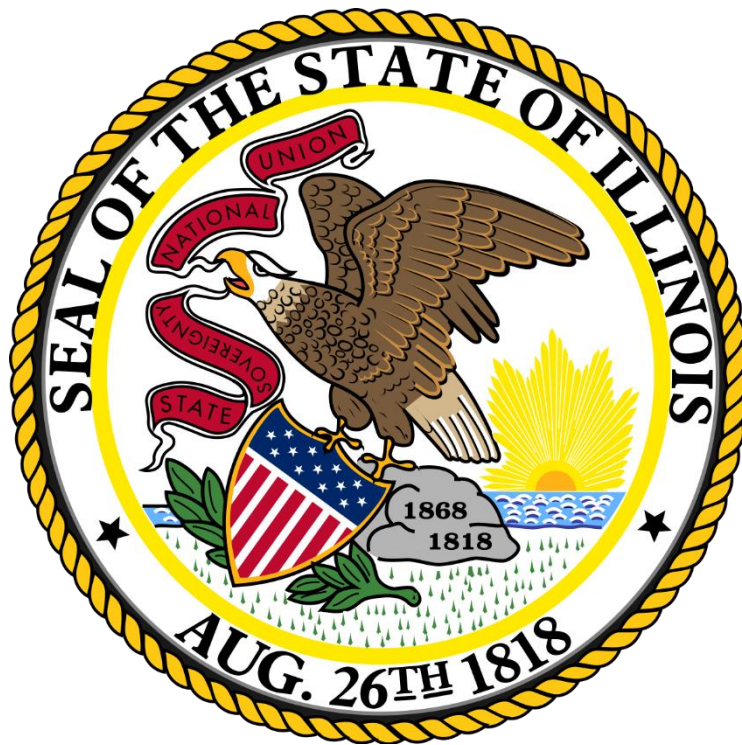


LEGISLATIVE AUDIT COMMISSION



Review of
Department of Children and Family Services
Compliance Examination - Two Years Ended June 30, 2022
620 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: #4598

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
TWO YEARS ENDED JUNE 30, 2022**

RECOMMENDATIONS – 33

IMPLEMENTED/PARTIALLY IMPLEMENTED – 31

UNDER STUDY – 2

REPEATED RECOMMENDATIONS – 23

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 30

This review summarizes the report on the compliance examination of the Department of Children and Family Services (DCFS) for the two years ended June 30, 2022, filed with the Legislative Audit Commission on September 26, 2023. The reports were conducted in accordance with state law and *Government Auditing Standards*.

The Illinois Department of Children and Family Services (DCFS) promotes the well-being of children, youth, and families by responding to reports of potential abuse and neglect and, when needed providing family-centered care and connection to resources. Their vision is that every child and youth can grow and thrive in family.

From helping more than 5,374 Illinois children achieve permanency in FY24 through reunification, adoption or guardianship; to the licensing of nearly 8,000-day care facilities; answering of more than 234,500 calls to the Child Abuse and Neglect Hotline and provision of services to 60,000 families annually; the department and its more than 3,800 employees are dedicated to providing unrivaled professional service to ensure safe, loving homes and brighter futures for every child in Illinois.

Director Heidi Mueller was appointed February 1, 2024 and confirmed March 22, 2024. Prior to her appointment, Director Mueller served as director of the Illinois Department of Juvenile Justice (IDJJ) for eight years.

Marc Smith was the Director during the audit period.

Expenditures from Appropriations

Appropriations (\$ thousands)	FY21		FY22	
	Approp	Expend	Approp	Expend

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GENERAL FUNDS				
Personal Services & Fringe Benefits	255,262.0	245,152.6	267,139.5	265,864.0
Contractual Services	26,426.1	25,026.6	26,426.1	25,358.6
Other Operations & Refunds	28,115.0	22,829.7	40,055.4	35,328.1
Designated Purposes				
Atty. Gen. Repre. On Child Welfare Litigation	585.9	484.1	585.9	555.9
Child Death Review Teams	104.0	96.9	104.0	92.9
Targeted Case Management	9,684.8	9,233.1	9,684.8	9,460.3
Total Designated Purposes	10,374.7	9,814.1	10,374.7	10,109.1
Grants				
Adoption & Guardianship Services	154,522.0	146,748.7	147,086.1	146,680.5
Cash Asst. & Housing Locator Serv. To Fam. in Class Def. in Norman Consent Dec.	3,313.7	3,197.1	3,313.7	3,147.5
Children's Advocacy Centers	1,998.6	1,986.2	1,998.6	1,986.4
Counseling & Auxiliary Services	12,184.1	10,522.4	15,184.1	11,525.9
Department Scholarship Program	1,212.8	1,210.7	1,212.8	1,207.8
Family Preservation Program	20,712.6	20,276.8	37,912.6	35,516.7
Foster Homes & Specialized Foster Care	301,979.2	301,382.6	337,487.6	334,275.9
Institution & Group Home Care & Prevention	169,694.3	169,321.0	206,161.3	205,600.9
Pre-Admission/Post-Discharge Psychiatric Screen.	2,935.9	1,339.8	0.0	0.0
Protective/Family Maintenance Day Care	32,186.9	32,119.3	37,986.9	37,928.5
Residential Services Construction Grants	1,000.0	416.2	900.0	170.5
Services Assoc. w/ Foster Care Initiative	6,139.9	5,619.9	6,139.9	4,683.6
Tort Claims	73.3	39.7	66.0	18.7
Youth in Transition Program	2,629.7	2,081.9	2,629.7	2,110.7
Total Grants	710,583.0	696,262.3	798,079.3	784,853.6
TOTAL GENERAL FUNDS	1,030,760.8	999,085.3	1,142,075.0	1,121,513.4
OTHER STATE FUNDS				
Designated Purposes				
Independent Living Initiative	9,417.2	25,927.8	9,417.2	7,397.0
Information Technology	33,241.9	8,502.0	36,245.6	21,717.1
Private Grants for Child Welfare Improvements	4,011.8	714.5	2,794.5	671.3
SSI Reimbursement	1,513.3	1,455.4	1,513.3	1,359.8
Title IV-E Enhancement	4,228.8	3,978.0	4,228.8	4,047.4
Total Designated Purposes	52,413.0	40,577.7	54,199.4	35,192.6
Grants				
Adoption & Guardianship Services	29,634.8	22,500.5	29,634.8	23,448.1
Cash Asst. & Housing Locator Serv. To Fam. in Class Def. in Norman Consent Dec.	2,071.3	1,648.4	2,071.3	1,768.8
Child Abuse Prevention	50.0	0.0	0.0	0.0
Children's Advocacy Centers	1,398.2	1,348.7	1,398.2	1,382.8

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Children's Personal & Physical Maintenance	2,856.1	2,051.4	3,356.1	2,013.0
Counseling & Auxiliary Services	14,047.2	9,288.0	14,047.2	6,964.1
Court Appointed Special Advocates	2,885.0	2,841.8	2,596.5	2,545.1
Expenses Related to Litigation	2,800.0	151.4	2,520.0	1,546.0
Family Centered Services Initiative	16,697.5	15,071.4	16,697.5	13,854.9
Family Preservation Program	33,098.7	30,660.9	33,098.7	25,986.9
Foster Care & Adoptive Care Training Serv.	11,637.0	7,715.0	11,637.0	8,640.1
Foster Homes & Specialized Foster Care	162,526.2	119,542.2	163,743.5	87,861.9
Institution & Group Home Care & Prevention	57,236.8	44,104.0	57,236.8	14,405.4
Psychological Assessments, Incl. Expenses	3,010.1	2,770.5	3,010.1	2,738.3
Services Assoc. w/ Foster Care Initiative	1,477.1	903.0	1,477.1	1,038.7
Title IV-E Reimbursement	3,000.0	0.0	3,000.0	69.7
Total Grants	344,426.0	260,597.2	345,524.8	194,263.8
TOTAL OTHER STATE FUNDS	396,839.0	301,174.9	399,724.2	229,456.4
FEDERAL FUNDS				
Designated Purposes				
Federal Child Welfare Projects	816.6	153.5	816.6	39.4
Federal Child Protection Projects	9,695.0	2,704.7	9,695.0	3,198.4
Total Designated Purposes	10,511.6	2,858.2	10,511.6	3,237.8
Grants				
ARPA - Children's Advocacy Centers	0.0	0.0	3,000.0	0.0
ARPA - Court Appointed Special Advocates	0.0	0.0	1,000.0	833.3
Total Grants	0.0	0.0	4,000.0	833.3
TOTAL FEDERAL FUNDS	10,511.6	2,858.2	14,511.6	4,071.1
TOTAL	1,438,111.4	1,303,118.4	1,556,310.8	1,355,040.9

Accountants' Findings and Recommendations

Condensed below are the 33 findings and recommendations included in the audit report. Of these, 23 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the Department of Children and Family Services, via electronic mail received November 20, 2023.

- 1. Auditors recommend the Department implement internal control procedures to ensure accurate financial statements preparation.**

FINDING: *(Financial Statement Preparation) – First reported FY19-20, last reported FY21-22*

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The Department of Children and Family Services' (Department) year-end financial statements in accordance with generally accepted accounting principles (GAAP) submitted to the Illinois Office of Comptroller contained errors.

During the audit of Department's financial statements, auditors noted the following:

- Receipts from a private organization's grant (totaling \$1,592,000) were deposited in the Special Revenue Fund - Special Purpose Fund 0582 (Fund 0582), while expenditures related to this grant were paid from and recorded in the General Revenue Fund 0001 (Fund 0001). The error resulted in an understatement of General Revenue Fund revenues and overstatement of Special Revenue Fund revenues by \$1,592,000. An adjustment to correct the error was recorded by Department management.

Department management stated it had planned to expend the grant funds from Fund 0582, which was supported by its appropriations. However, an accounting system limitation ultimately prevented the Department from using its automated processes on this fund, so expenditures were shifted to the Fund 0001.

- Two health and social services expenditures (totaling \$1,084,744) pertaining to fiscal year 2021 were recorded as expenses in fiscal year 2022. The error resulted in an overstatement of beginning net position and an understatement in current year expenditures. The error in Fund 0001 was deemed immaterial by the Department and was not corrected.

Department management stated failure to report the expenditures in fiscal year 2021 was due to a staff failure to follow established protocols when using current year appropriations for expired year expenditures related to pay for State revolving fund invoices.

- Three fiscal year 2022 expenditures payable to a State of Illinois component unit (totaling \$894,805) were recorded as accounts payable and accrued liabilities. The error in Fund 0001 was deemed immaterial by the Department and was not corrected.

Department management indicated the payables were misclassified due to employee error.

- Financial statement Note 14, *Commitments and Contingencies*, pertaining to a significant litigation case was not originally disclosed in the Department's draft financial statement footnote disclosures. An adjustment to correct the error was recorded by Department management.

Department management indicated the footnote was not originally drafted due to employee error.

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GASB Codification Sections 1300 and 1700: *Fund Accounting and Budget and Budgetary Accounting*, respectively, requires that when funds are expended by the Department for allowable operating purposes, corresponding revenue generated from those expenditures should be recognized in the same fund.

GASB Codification Section 1500: *Reporting Liabilities*, requires the Department to accrue a governmental fund liability and expenditure for expenditures and transfers in the period in which the government incurs the liability. It also requires the Department to disclose in its notes to the financial statement significant contingent liabilities not requiring accrual.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Effective internal controls should include procedures to ensure adherence to GAAP and to ensure the appropriate presentation of financial statement amounts (which includes having transactions be reported in the correct account and in the correct period in which they were incurred).

GAAP financial reporting errors occurred that materially misstated the Department's draft financial statements. In addition, accurate and timely financial statements of the Department's financial information for GAAP reporting purposes is important due to the impact adjustments could have on the Statewide financial statements.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation and has implemented a corrective action plan. Due to unprecedented vacancies in the Division of Budget & Finance, review procedures in place were not able to be followed to catch the misstatements identified in the auditor's review of our financial statements. The Department uses a consulting firm to assist with compiling their financial statements and has since been able to fill its CPA position. To further ensure the accuracy of future financial statements, the Department added senior management positions to its approved headcount to provide duplicity and support to be better able to manage the ebbs and flows of staffing levels and add expertise to ensure the accuracy of Departmental financial statements.

UPDATED RESPONSE:

Implemented.

Positions have been added and the Department is working through the hiring process. Interviews have been scheduled for one position and will be scheduled in November for the 2nd position.

2. Auditors recommend the Department:

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- **Develop a process for identifying service providers and maintain documentation of such.**
- **Obtain SOC reports or conduct independent internal control reviews of the service providers.**
- **Conduct an analysis to determine the impact of noted deviations within the SOC report.**
- **Monitor and document the operation of the CUECs related to the Department's operations.**
- **Obtain and review SOC reports for subservice providers or perform alternative procedures to determine the impact on its internal control environment/**
- **Develop procedures for monitoring service providers' performance.**
- **Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.**

FINDING: *(Lack of Adequate Controls Over the Review of Internal Controls for Service Providers) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services (Department) had not implemented adequate internal control reviews over its service providers.

The Department entered into agreements with various service providers to assist in processes to operate effectively and efficiently such as: (1) information technology hosting, (2) payroll processing, (3) provides maintenance of information and reporting of putative father registry, (4) and processing of Supplemental Security Income (SSI) eligibility.

Auditors requested the Department provide a population of service providers utilized during the audit period to determine if the Department had reviewed the internal controls over the service providers. In response to the request, the Department provided a listing of service providers; however, it did not provide documentation demonstrating the population was complete and accurate.

Due to these conditions, auditors were unable to conclude the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330.27-.29 and AT-C § 205.36).

Even given the population limitations noted above, auditors performed testing of three out of five service providers identified by the Department. During the testing, auditors noted the Department had not:

- Developed a process for identifying service providers.
- Obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of the three (100%) service providers.

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- Conducted an analysis to determine the impact of noted deviations within the SOC report.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) related to the Department's operations.
- Obtained and reviewed SOC reports for subservice providers or performed alternative procedures to determine the impact on its internal control environment.
- Developed procedures for monitoring service providers' performance.

In addition, they noted the contract between the Department and one (33%) service provider did not contain a requirement for an independent review to be completed.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal administrative controls, to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources.

Department management indicated the lack of resources and dependence on standard language in State of Illinois contracts resulted in the weaknesses.

Without having obtained and timely reviewed SOC reports, or another form independent internal control reviews, the Department does not have assurance the service providers' internal controls are adequate. In addition, failure to review compliance of service providers with contractual terms could result in obligations and services not being met.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendations. The Department, through collaboration with DoIT@DCFS, will review and update its procedures related to contracting with service providers. This review and update will address the following components:

- Identification and documentation of 3rd party service providers,
- Including appropriate language in Department contract boiler plate language to ensure applicable requirements over the independent review of internal controls are included,
- Ensuring SOC reports are obtained from service providers and subservice providers to be reviewed and analyzed to determine any impact and actions

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necessary based on the contents of the SOC report or conduct an internal review of the service providers on an established frequency, and

- Ensuring procedures for monitoring and documentation of CUECs related to the Department's operations and service providers' performance are adequate.

UPDATED RESPONSE:

Partially Implemented.

The Department has drafted review procedures for Complementary User Entity Controls. The Department has also developed monthly monitoring requirements of IllinoisConnect which will be extended to other key vendors as the process is refined. Data collection methods are being studied to ensure the Department can identify contractors and subcontractors that require SOC reports and that contracts with service providers contain applicable requirements for the independent review of internal controls.

- 3. Auditors recommend the Department implement proper segregation of duties and ensure no one individual has the rights to enter, modify, and delete daycare providers' information, child information and billing information. Additionally, they recommend the Department complete the monthly user access reviews.**

FINDING: *(Failure to Maintain Proper Segregation of Duties Over Daycare) - New*

The Department of Children and Family Services (Department) failed to maintain proper segregation of duties over access to the Department's daycare providers' licensing information, child care information and billing system.

The Department maintains data related to entities who provide daycare services to the children in the State's care and specific data related to the children themselves. As a result of these services, the Department makes payment to these entities. During the audit period, the Department expended \$34,778,402 related to daycare services.

Auditors conducted testing of the users' access right to daycare providers' licensing information, child care information and billing system to determine if proper segregation of duties had been implemented. Individuals should not have the ability to establish a daycare provider, a child-in-care, and to submit and approve billings and payments. Auditors testing results noted 45 of 2,348 (2%) users had rights to enter, modify and delete daycare providers' information, child information and billing information. As a result, the Department failed to maintain proper segregation of duties.

Auditors also reviewed the Department's user access review reports to the daycare providers' licensing information, child care information and billing system for three months, noting three of seven (43%) monthly reports had not been reviewed.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and

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Technology, Access Control section, requires entities to implement internal controls to ensure proper segregation of duties and review of users' access rights.

The Department's Mainframe Account Review-Work Procedures stated the Department's Data Stewards are to review user access review reports within 30 days of receipt.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department management indicated the weaknesses were due to oversight and lack of resources.

Failure to maintain proper segregation of duties over access to the Department's daycare providers' licensing information, child care information and billing system and data could result in improper manipulation of data and payments.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department has begun the process of conducting an extensive review of its daycare processes and will make all necessary changes to ensure appropriate segregation of duties are in place over the Daycare system. The Department will also review its procedures over access rights review to ensure they are up to appropriate standards.

UPDATED RESPONSE:

Partially Implemented.

Hired statewide daycare administrator October 1, 2023, and started monthly user access reviews. Separating eligibility function from payment processing and determining the viability current childcare system against development of a new childcare system are both under review. Access has been modified to prevent a community planner from creating daycare providers. Also under review is user access segregation of duty considerations and the development of monitoring reports to ensure controls in place are effective.

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

FINDING: *(Incomplete Child Welfare Files) – This finding has been repeated since FY97-98.*

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The Department of Children and Family Services' (Department) Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely.

During the sample testing of 60 child welfare case files managed by the Department staff (CFS) and purchase of service (POS) contractors, auditors noted the following:

Case File Deficiency	Case File Requirement	Authority
<p>2 of 60 (3%) Statewide Automated Child Welfare Information System (SACWIS) Risk Assessments could not be found in the files. (1 POS & 1 CFS cases)</p> <p>7 of 60 (12%) SACWIS Risk Assessments were not completed timely. (3 POS - 16 to 129 days late) (4 CFS - 4 to 33 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>1 of 60 (2%) Integrated Assessment was completed but not signed and dated. As such, we were unable to determine whether the assessment was completed timely. (1 POS case)</p> <p>44 of 60 (73%) Integrated Assessments were not completed timely. (32 POS - 19 to 589 days late) (12 CFS - 4 to 377 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>27 of 60 (45%) Initial Service Plans were not completed timely. (17 POS - 1 to 178 days late) (10 CFS - 6 to 138 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>
<p>6 of 60 (10%) children's photos were not indicated as being taken and maintained in SACWIS or in case files. (5 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 2021.06</p>

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<p>20 of 60 (33%) children's fingerprints were not indicated as being taken and maintained in SACWIS or in case files. (15 POS & 5 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 2021.06</p>
<p>15 of 60 (25%) Medical & Dental Consent forms (CFS 431 and CFS 415) were not found in the case file. (13 POS & 2 CFS cases)</p> <p>3 of 60 (5%) Medical & Dental Consent forms (CFS 431 and CFS 415) were found in the case files but not signed. (2 POS & 1 CFS cases)</p>	<p>Forms CFS 431 and CFS 415 must be maintained to provide consent for ordinary and routine medical and dental or surgical treatment.</p>	<p>DCFS Administrative Procedure #5, (Appendix C, Section VI)</p>
<p>11 of 60 (18%) Initial Placement Checklists (CFS 418-J) were not found on file. (10 POS & 1 CFS cases)</p> <p>5 of 60 (8%) Initial Placement Checklists (CFS 418-J) completed dates were blank, thus, we were not able to determine proper completion of the form. (5 POS cases)</p>	<p>Form CFS 418-J must be maintained for all children placed in substitute care to document any special needs of the child.</p>	<p>DCFS Procedure 315.85(b)</p>
<p>7 of 60 (12%) Permanency Planning Checklist (CFS 483) were not found in the case file. (5 POS & 2 CFS cases)</p> <p>1 of 60 (2%) Permanency Planning Checklist (CFS 483) was not signed and dated by the Worker and/or Supervisor, thus, we were not able to confirm if the form was properly completed. (1 POS case)</p>	<p>Form CFS 483 must be completed to help the caseworker determine whether reunification is no longer an appropriate goal for a child and whether the child's current placement would be an appropriate home for adoption or subsidized guardianship.</p>	<p>DCFS Procedure 315.330</p>
<p>15 of 60 (25%) Child Identification Forms (CFS 680) were not maintained in the case files. (10 POS & 5 CFS cases)</p>	<p>Form CFS 680 is one of three required components to child identification information along with photos and fingerprints.</p>	<p>DCFS Procedure 301.150, PT 2021.06</p>

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<p>4 of 60 (7%) Registration Case Opening Forms (CFS 1410) could not be provided for our review, thus, we were not able to determine timeliness. (4 POS cases)</p> <p>46 of 60 (77%) Registration Case Opening Forms (CFS 1410) were not completed timely. (31 POS - 2 to 593 days late) (15 CFS - 3 to 676 days late)</p> <p>1 of 60 (2%) Registration Case Opening Forms (CFS 1410) screening date is blank and incomplete, thus we were not able to determine timeliness. (1 POS)</p>	<p>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.</p>	<p>DCFS Administrative Procedure #5 (Section 5.3)</p>
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Additionally, auditors utilized the administrative case reviews (ACR) for the same sample to test compliance with the Illinois Administrative Code’s (Code) (89 Ill. Admin. Code 316.60) 21-day notification requirement. The sample of 60 cases contained 91 ACRs, which generated 173 notifications to all parties involved. Auditors noted the following:

- One ACR (1%) was not completed every six months.
- One notification (0.5%) was sent with less than 21 days’ notice.
- One notification (0.5%) was not found in the case files.

The Code (89 Ill. Admin. Code 316.60) and DCFS Administrative Procedure #5 require written notification of the date, time, place, and purpose of the ACR be mailed to all parties involved 21 days in advance of the ACR meeting.

Further, 2 of the 60 (3%) child welfare case files tested were Adoption Assistance (AA) and Subsidized Guardianship Home (SGH), in which auditors noted the following:

- For two (100%) cases, annual re-certification of adoption assistance form, CFS 1800-Q Adoptions Assistance/Subsidized Guardianship Medicaid Information were not found in the case file.
- For two (100%) cases, annual re-certification of the child’s Medicaid benefits form, CFS 1800-R Status of Continued Medicaid Eligibility was not found in the case file.

DCFS Procedure 302.310 on Adoption Assistance requires the Department to annually mail to the adoptive parent(s) and maintain the CFS 1800-Q, Adoption Assistance/Subsidized Guardianship Medicaid Information form and CFS 1800-R Status of Continued Medicaid Eligibility form in the case file.

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The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 1998. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management stated exceptions were a result of staffing turnover and competing priorities.

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

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department recognizes that procedures written before many of the advances since made through the use of software technology and the physical copies of forms to be placed in a physical file to be considered compliant leave the Department in between two worlds - digital and paper, with the Department training staff to utilize the former. For example, medical and dental consent, several of the checklists as well as case opening "forms" are all located in digital (SACWIS) but are currently also required to be located in a physical paper file. The Department will have these matters resolved through the implementation and use of IllinoisConnect, which is working concurrently with policy to ensure our procedure reflects what is captured in the software, phasing out paper files. Additionally, items such as fingerprints and photos in the file have been addressed by the Department with self-imposed corrective action to ensure these items are captured and stored in the digital record.

UPDATED RESPONSE:

Partially Implemented.

Each of the findings in the Incomplete Child Welfare Files was written into the build of Illinois Connect. Moving forward the recordkeeping functions of these file requirements will be automated. The build of Illinois Connect commenced in 2023 and will reach completion within the next 4-5 years.

5. Auditors recommend the Department perform the following:

- **Immediately 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.**

- **Notify the Director of DPH and HFS within a reasonable timeframe, when the Department receives a report of suspected abuse or neglect of a child and the child is alleged to have been abused or neglected while receiving care in a hospital.**
- **Ensure the timely submission of all reports required by the Act to the General Assembly and Governor.**
- **Strengthen its monitoring and procedures for investigators to ensure they provide copy of its final findings from an indicated report of child abuse and neglect to the child's school within 10 days of completing an investigation of alleged physical or sexual abuse under the Act.**
- **Ensure local law enforcement personnel and the office of the State's attorney of the involved county of the receipt of any report alleging the death of a child, serious injury to a child is timely notified.**

FINDING: *(Noncompliance with Abused and Neglected Child Reporting Act) – This finding has been repeated since FY11-12.*

The Department of Children and Family Services (Department) failed to comply with several sections of the Abused and Neglected Child Reporting Act (Act) (325 ILCS 5) during the examination period.

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

- The Act (325 ILCS 5/4.4) states whenever the Department receives a report of child abuse and neglect for a newborn infant whose blood, urine, or meconium contains any amount of a controlled substance, the Department must immediately communicate the report to the State's attorney's office of the county in which the infant was born.

During the testing, the Department did not immediately communicate the investigation reports to the State's attorneys' offices for 17 (28%) of 60 reports of child abuse and neglect for infants exposed to controlled substances. Specifically, auditors noted the State's attorneys' offices were notified between 218 to 920 days from report date.

Department management stated the issues were due to investigators vetting test results to ensure the results were confirmed and accurate.

Failure to timely communicate reports to the State's attorneys' offices when the Department receives a report of child abuse and neglect for a newborn infant whose blood, urine, or meconium contains any amount of a controlled substance delays the State's attorneys in assisting with the child and results in noncompliance with the Act.

- The Act (325 ILCS 5/4.4c) states whenever the Department receives a report of suspected abuse or neglect of a child and the child is alleged to have been abused or neglected while receiving care in a hospital, including a freestanding psychiatric

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hospital licensed by the Department of Public Health (DPH), the Department shall notify the Director of Public Health and the Director of Healthcare and Family Services (HFS) of the report.

During the testing, the Department notified the Directors of DPH and HFS of the report of suspected abuse or neglect of a child alleged to have been abused or neglected while receiving care in a hospital 34 days to 885 days from the investigation date for 15 of 15 (100%) reports tested.

Department management indicated there was not a mechanism to monitor and track the field investigator notifications due to employee oversight.

Failure to notify within a reasonable timeframe the Director of DPH and HFS when the Department receives a report of suspected abuse or neglect of a child alleged to have been abused or neglected while receiving care in a hospital prevents the DPH and HFS from taking an immediate action to care for the child.

- The Act (325 ILCS 5/7.3c) states the Department, in cooperation with the Department of Human Services, shall report to the Governor and the General Assembly on an annual basis the effectiveness of the programs designed to test the most effective approaches to case management protocols for Department clients with substance abuse problems.

During the testing, auditors noted the Department did not submit the fiscal year 2021 and 2022 reports to the General Assembly or Governor documenting the case management protocols and program's effectiveness.

Department management stated the required reports were not submitted due to oversight.

Timely submission of annual reports on the community-based system of integrated child welfare and substance abuse services to the General Assembly and Governor is necessary for compliance with the Act and provides information on the effectiveness of programs initiated.

- The Act (325 ILCS 5/7.22a(c)) requires the Department to submit to the General Assembly reports summarizing the number of Unfounded Review and Indicated Reports of Child Abuse and Neglect (report). The initial report after the effective date of the Act (325 ILCS 5/7.22a(c)) was due on November 21, 2019, and all subsequent reports have been required to be filed on December 1 and June 1 of each year.

During testing, auditors noted the Department was required to file four reports during the examination period. The results of their testing indicated the Department failed to timely file 2 (50%) of the reports required. Specifically, auditors noted the reports

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due on December 1, 2021 and June 1, 2022, were submitted to the General Assembly 8 and 104 days late, respectively.

Department management stated the required reports were not submitted timely due to oversight.

Timely submission of annual reports on the number of Unfounded and Indicated Review Reports to the General Assembly is necessary for compliance with the Act and provides information on the metrics of Department investigations and the recommendations for reforms of the investigation system.

- The Act (325 ILCS 5/8.6) states the Department must send a copy of its final findings from an indicated report of child abuse and neglect to the child's school within 10 days of completing an investigation of alleged physical or sexual abuse under the Act.

During testing, auditors noted the Department did not timely notify the children's school for 40 of the 40 (100%) indicated reports tested. Specifically, they noted the schools were notified 129 to 890 days late.

Department management stated the issues noted were due to investigator's reluctance to violate the privacy of the family by telling the school private matters of the child.

Failure to timely notify a child's school on the results of Indicated Review Reports related to alleged physical and sexual abuse limits the school's awareness on the situation of its student, in order to timely provide appropriate care and support to the child while attending the school.

- The Act (325 ILCS 5/7) requires the Department within 24 hours to orally notify local law enforcement personnel and the office of the State's attorney of the involved county of the receipt of any report alleging the death of a child, serious injury to a child, including, but not limited to, brain damage, skull fractures, subdural hematomas, and internal injuries, torture of a child, malnutrition of a child, and sexual abuse to a child, including, but not limited to, sexual intercourse, sexual exploitation, sexual molestation, and sexually transmitted disease in a child age 12 and under.

During testing, auditors noted the Department did not timely notify the local enforcement personnel and the office of the State's attorney of the involved county for 5 of 25 (20%) reports tested. Specifically, they noted the local enforcement personnel and the office of the State's attorney were notified 5 to 43 days late.

Department management stated the issues were due to investigators vetting test results to ensure the results were confirmed and accurate prior to sending the notifications.

Failure to timely notify the local law enforcement personnel and the office of the State's attorney of the involved county of the receipt of any report alleging the death of a child, serious injury to a child prevents the law enforcement personnel and State's attorney office to investigate the suspected child abuse and neglect.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

DEPARTMENT RESPONSE:

The Department agrees and is committed to compliance with the Abused and Neglected Child Reporting Act. While the Department did refer in every instance, the report of a newborn infant whose blood, urine, or meconium contained any amount of a controlled substance to the State's attorney in the county of the child's birth, we did not do so immediately. There are two responses in process regarding this finding. One: The Department now automates this procedure. When a hotline worker assigns this allegation (e.g., substance exposed infant) the system automatically issues a letter to the State's attorney of the county of birth of the newborn. This automation will commence by 12/31/2023 should legislation on this remain. Two: the reluctance of Department investigators to immediately report the birth of a substance exposed infant to the State's attorney is supported by experts in child welfare and addiction, including Illinois Plans of Safe Care. This is further supported by many in the General Assembly. We look forward to identifying a way for our investigators to assess and connect to the appropriate supports when an infant is born substance exposed but not be statutorily required to immediately notify the State's attorney.

We appreciate the auditor's recommendation to Notify the Director of DPH and HFS *within a reasonable timeframe*, when the Department receives a report of suspected abuse or neglect of a child, and the child is alleged to have been abused or neglected while receiving care in a hospital. However, statute makes no mention of a specific time frame in when this is to occur and the Department does indeed notify the Director of DPH and HFS every time. Recognizing the importance of a *reasonable timeframe*, the Department has given itself a self-imposed corrective action item pending the launch of IllinoisConnect, a letter to the director of DPH and HFS will be autogenerated whenever an allegation of abuse or neglect is made involving a child while they were receiving care in a hospital. This portion of IllinoisConnect is anticipated to launch by the end of 2023.

The Department agrees with the auditor's recommendation and will work to ensure required reports are submitted to the General Assembly and Governor timely.

We agree with the auditor's recommendation to strengthen our monitoring and procedures for investigators to ensure they provide a copy of its final findings from an indicated report of child abuse and neglect to the child's school within 10 days of completing an investigation of alleged physical or sexual abuse under the Act. Of note, in September of 2022, the Chief Deputy of Child Protection and the State Central Registry

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along with the Deputy of Child Protection, visited all 10 subregions across the State and met with every child protection supervisor, area administrator and regional administrator, issuing a memorandum in September 2022, instructing staff of this requirement and providing clear direction on how to execute this procedure. Across the state, investigators implored change to the existing statute as they believe this requirement violates the privacy of the family by revealing (only to the public-school administrators) the private matters of the child.

The Department agrees with the auditor's recommendation that the Department must ensure local law enforcement personnel and the office of the State's attorney of the involved county of the receipt of any report alleging the death of a child, serious injury to a child is timely notified. The Department makes this notification 100% of the time, only 5% of which may be considered not timely. To address this, the Department has automated this notification to occur immediately to the state's attorney office from the hotline upon assignment of an applicable allegation.

It is important to note that during the timeframe of this audit, 2020 – 2022, the world faced a global pandemic, agencies such as Illinois DCFS and others across the country, including business around the world faced critical staffing challenges as people sought ways to pivot during this historic time. With a smaller staff, due to retirements, people exiting their jobs and weakened workforce Illinois DCFS continued to deliver exceptional programs and services to the children and families of Illinois.

UPDATED RESPONSE:

Implemented.

Notifications have been automated in the IllinoisConnect project buildout. The noted report has been filed timely during 2023.

- 6. Auditors recommend the Department to timely notify the relevant school of the child involved in the investigation when the investigation of alleged incident of sexual abuse is completed.**

FINDING: *(Noncompliance with the School Code) – New*

The Department of Children and Family Services (Department) failed to comply with the School Code (Code) (105 ILCS 5/22-85(j)).

During the testing of 25 alleged incident of sexual abuse investigations, auditors noted that for 24 of 25 (96%) indicated investigations tested, the Department did not timely notify the relevant schools when an investigation of an alleged incident of sexual abuse was completed. Specifically, they noted the notifications were sent to relevant schools between 431 to 908 days from the investigation report date.

The Code (105 ILCS 5/22-85(j)) requires the Department to notify the relevant school when an agency investigation of alleged incident of sexual abuse is completed. The Abused and Neglected Child Reporting Act (Act) (325 ILCS 5/8.6) requires the

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Department within 10 days after completing an investigation of alleged physical or sexual abuse, if the report is indicated, to send a copy of its final finding report to the school that the child who is the indicated victim of the report attends.

Department management stated issues noted were due to investigator's reluctance to violate the privacy of the family by telling the school private matters of the child.

Failure to timely notify relevant schools when an investigation of an alleged incident of sexual abuse is completed limits the school's awareness on the situation of its student, in order to timely provide appropriate care and support to the child while attending the school. Further, it represents noncompliance with the Code and the Act.

DEPARTMENT RESPONSE:

We agree with the auditor's recommendation that we strengthen our monitoring and procedures for investigators to ensure statutory compliance by providing a copy of its final findings from an indicated report of child abuse and neglect to the child's school within 10 days of completing an investigation of alleged physical or sexual abuse under the Act. In September of 2022, the Chief Deputy of Child Protection and the State Central Registry along with the Deputy of Child Protection, visited all 10 subregions across the state and met with every child protection supervisor, area administrator and regional administrator, issuing a memorandum in September 2022, instructing staff of this requirement and providing clear direction on how to execute this procedure. Across the state, investigators implored change to the existing statute as they believe this requirement violates the privacy of the family by revealing (only to the public-school administrators) the private matters of the child.

UPDATED RESPONSE:

Implemented.

Notifications have been automated in the IllinoisConnect buildout.

7. Auditors recommend the Department determine reports of child abuse or neglect in compliance with the timeframe mandated by the Act.

FINDING: *(Untimely Child Abuse and Neglect Determinations) – This finding has been repeated since FY97-98.*

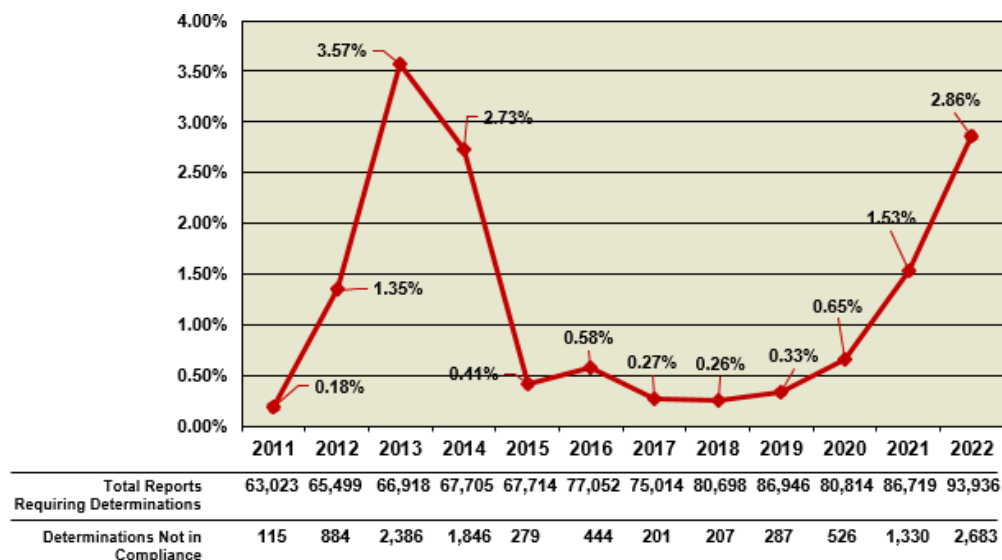
The Department of Children and Family Services (Department) did not make timely determinations of whether reports of child abuse and neglect were "indicated" or "unfounded" as required by the Abused and Neglected Child Reporting Act (Act).

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 the Department 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

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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) 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.

The Department’s Monitoring/Quality Assurance Division compiles statistics in the Department’s application identified as the Statewide Automated Child Welfare Information System (SACWIS) 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:



As indicated in the chart above, the Department did not make timely determinations within 60 days in 1,330 of the 86,719 (1.53%) reports and in 2,683 of the 93,936 (2.86%) reports of child abuse and neglect referred to the Department during fiscal years 2021 and 2022, respectively.

After receiving the statistics above, auditors selected 60 of the 4,013 investigation reports noted as not being completed within 60 days for further detailed testing in order to determine if the Department was meeting the 60-day requirement or if the SACWIS data contained in the chart was incorrect. For 30 investigation reports sampled (50%), they confirmed the Department did not meet the statutory 60-day requirement or after a granted extension was allowed for. Specifically, auditors noted the investigation reports were determined 1 to 335 days after the required due date.

This finding was first reported in the Department’s *State Compliance Examination* for the two years ended June 30, 1998. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management stated they reviewed the small number of reports noted in the statistics above and determined that they were nearly entirely data entry errors (e.g., placing the commencement in a note category other than “in person” or “attempt”). For the exceptions noted in the auditor’s sample, Department management indicated these were due to employee oversight.

Failure to make timely determinations of reports of abuse and neglect could delay the implementation of a service plan and result in further endangerment of the child and is a violation of the Act.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation that we determine reports of child abuse or neglect in compliance with the timeframe mandated by the Act. The Department also finds it important to note that we have resolved this matter and there are currently no overdue reports. Additionally, it should be noted that only 1-2% of 86,000 - 93,000 investigations reflected from one of 102 counties that was producing noticeable errors, which has since been rectified. The majority of the reports that became “overdue” were caused when one supervisor failed to enter the allocated extension in the software. Retraining has since been provided to rectify this error. The Department is confident that that there will not be any substantial noncompliance reporting in the next audit.

UPDATED RESPONSE:

Implemented.

First, Illinois DCFS does determine reports timely. In fact, less than 3% become overdue which during the reporting period of this report, was caused by failure of the supervisor to enter the allowable extension time in our software. This correction to this very small percentage has been implemented by reminders and progressive disciplinary action when this very small number of errors occurs. Of note, the state is currently at zero overdue reports.

- 8. Auditors recommend the Department initiate investigations of all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Act.**

FINDING: *(Untimely Initiation of Investigations of Child Abuse and Neglect) – This finding has been repeated since FY97-98.*

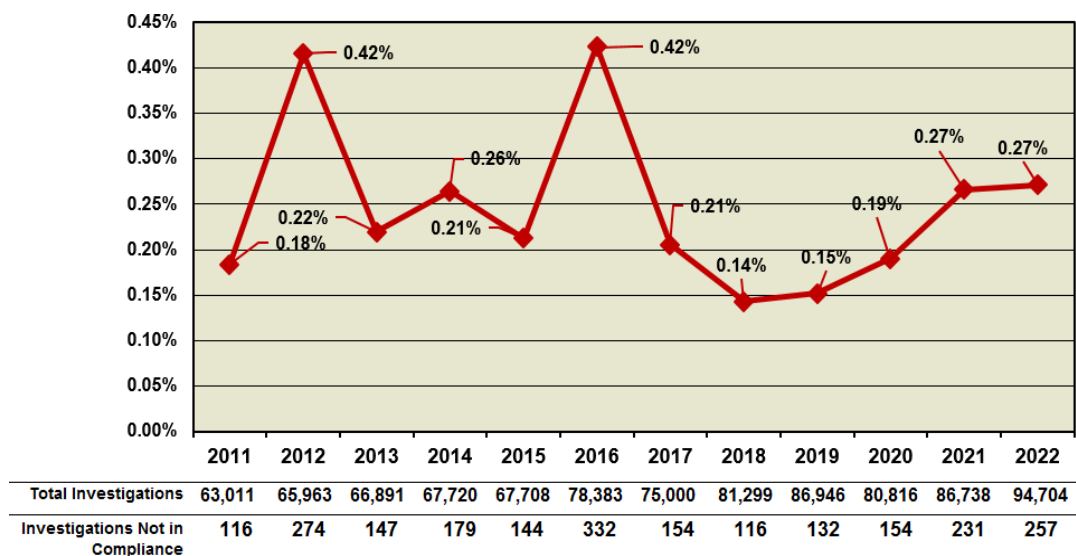
The Department of Children and Family Services (Department) did not timely initiate investigations of child abuse and neglect within 24 hours of receipt of the report as required by the Abused and Neglected Child Reporting Act (Act).

The Act (325 ILCS 5/7.4(b)(2)) requires child abuse and neglect investigations “be commenced within 24 hours of receipt of the report.”

The Department’s Monitoring/Quality Assurance Division compiles statistics and reports on instances of noncompliance with the Act, based on data extracted from the

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Department’s 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. Department 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:



As indicated in the chart above, the Department did not timely initiate an investigation for 231 of the 86,738 (0.27%) reports and for 257 of the 94,704 (0.27%) reports of child abuse and neglect in fiscal years 2021 and 2022, respectively.

After receiving the statistics above, auditors selected 60 of the 488 investigations noted as not being initiated within 24 hours for further detailed testing in order to determine if the Department was meeting the 24-hour requirement or if the SACWIS data contained in the chart was incorrect. For 42 investigations sampled (70%), the Department did not meet the statutory 24-hour requirement. Specifically, they noted the Department initiated an investigation 0.10 hours to 58 days after the required timeframe.

This finding was first reported in the Department’s *State Compliance Examination* for the two years ended June 30, 1998. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management stated they reviewed the small number of reports noted in the statistics above and determined that they were nearly entirely data entry errors (e.g., placing the commencement in a note category other than “in person” or “attempt”). For the exceptions noted in the auditor’s sample, Department management indicated these were due to employee oversight.

Failure to respond to a report of abuse or neglect within 24 hours could result in further endangerment to the child and is a violation of the Act.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation to initiate all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Act. The fact that less than 1% of cases were not initiated within 24-hours is a testament to our hardworking staff and their commitment to compliance and serving the children of Illinois. The Department encourages our staff to always ensure their own safety first and foremost when meeting the 24-hour timeframe and to always enter this note in the software as a contact note and not a case note (which causes the system to not read this as an initiation).

UPDATED RESPONSE:

Implemented.

First, Illinois DCFS does commence investigations timely. In fact, less than ¼ of 1% of reports were not started within the first 24 hours. Correction to this very small percentage included reminders on proper note type selection in the software as well as increasing safety support in the field for staff who missed the 24-hour mark while they were awaiting law enforcement support, so they did not need to go to homes by themselves out of concern for their own safety. This was documented in the case notes.

9. **Auditors recommend the Department to timely submit all reports to the Governor and General Assembly required by the Act. They also recommend the Department ensure a signed written safety plan is provided to each parent or guardian and responsible adult caregiver participating in a safety plan, and the Department retain a copy of said safety plan. Further, auditors recommend the Department appoint members of the License Board and enforce term limits to comply with the intent of the Act. Finally, auditors recommend the Department review the requirements concerning the Error Reduction Implementation Plan and take appropriate measures to implement initiatives to accomplish the intended purposes as outlined in the Act or seek legislative remedy.**

FINDING: *Noncompliance with the Children and Family Services Act) – This finding has been repeated since FY15-16.*

The Department of Children and Family Services (Department) 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:

- The Act (20 ILCS 505/2.2) requires the Department to submit an annual report by December 31 of each year to the General Assembly regarding youth-in-care waiting for placements. In addition, the Act requires the Department to post the report on the Department's website.

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During the testing, auditors noted the Department submitted the fiscal year 2021 annual report 124 days late. In addition, they noted the Department did not post the fiscal year 2021 and fiscal year 2022 reports on its website.

Department management stated required reports were not submitted timely and was not posted on its website due to oversight.

- The Act (20 ILCS 505/5d) created the Direct Child Welfare Service Employee License Board (License Board) to assist the Director of the Department in updates to licensure rules. In accordance with the Act, the nine Board members are required to serve 3-year terms, and cannot be reappointed if the reappointment would cause the member to serve for longer than 6 consecutive years.

During the testing, auditors noted the License Board had three vacant positions as of June 30, 2022, and two members of the License Board have served longer than 6 consecutive years.

Department management stated the License Board vacancies and continued services were due to management oversight.

- The Act (20 ILCS 505/21) requires the Department to provide each parent or guardian and responsible adult caregiver participating in a safety plan a copy of the written safety plan as signed by each parent or guardian and responsible adult caregiver and by a representative of the Department. In addition, the Department is also to provide each parent or guardian and responsible adult caregiver participating in a safety plan information on their rights and responsibilities. The rights and responsibility information are required to include, but need not be limited to, information on how to obtain medical care, emergency phone numbers, and information on how to notify schools or day care providers as appropriate.

During the testing of 40 participants, auditors noted the following:

- For three (8%) participants tested, the Department was unable to provide a copy of the written safety plan.
- For three (8%) participants tested, the Department was unable to provide documentation supporting it had provided the parent, guardian, or responsible adult caregiver with safety plan information on their rights and responsibilities.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Department management indicated it was unable to provide the missing documentation due to employee error.

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- The Act (20 ILCS 505/41) requires the Department 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 the testing of eight quarterly reports during the examination period, auditors noted five reports (63%) were not submitted in time or were not submitted at all to the General Assembly. Specifically, they noted 4 reports were submitted 4 to 24 days late, and 1 report was not submitted at all.

Department management stated the required reports were not submitted timely due to oversight.

- The Act (20 ILCS 505/35.7) requires the Department's Quality Assurance staff to annually prepare public reports detailing the Department's compliance with the Error Reduction Implementation Plan (Plan) and alert the Director to staffing needs or other needs to accomplish the goals of the Plan. The annual report is to be transmitted to the Director, the Department's Office of the Inspector General (OIG), and all management staff involved in the Plan.

During the testing, auditors noted the Department's Quality Assurance staff did not prepare or file the required reports during fiscal year 2021 and fiscal year 2022.

Department management stated the Department's last plan was developed in 2018, and historically, the Quality Assurance division has not had the necessary staff to perform the duties outlined in this section of the Act. The current Quality Assurance leadership is awaiting a new Plan to assess the capacity of the Quality Assurance division to support implementation of a new Plan. As such, Department management further stated that due to the continuing restrictions imposed by the COVID-19 pandemic, and the enormous mandatory training agenda for frontline and administrative staff advanced by the Department's Office of Learning and Professional Development, the OIG suspended its project to develop a new Plan during the examination period.

- The Act (20 ILCS 505/42) requires the Department to submit a report with a detailed review of the foster care survey results to the Governor and the General Assembly no later than December 1, 2021 and every 5 years thereafter. As described in the Act, the foster care survey is a standardized survey to gather feedback from children who are aging out of foster care and from children who have transitioned out of the foster care system. The survey includes requests for information regarding the children's experience with and opinion of State foster care services, the children's recommendations for improvement of such services, the amount of time the children spent in the foster care system, and any other information deemed relevant by the Department.

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During the testing, auditors noted the Department submitted the survey results report due December 1, 2021, 357 days late.

Department management stated the required report was not submitted timely due to oversight.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2016. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Failure to timely submit required reports delays the Governor and General Assembly in being current with issues regarding youth-in-care waiting for placements, standardized foster care survey results, and the Department's employee assaults and threats on employees. Failure to maintain and/or provide each parent or guardian and responsible adult caregiver participating in a safety plan increases the risk that all responsible parties will not follow the plan's guidance exposing the child to unnecessary safety concerns. The License Board not consisting of all the required members lessens its effectiveness in conducting its activities. Finally, failure to prepare and submit annual reports as required by the Act increases the likelihood that the Director would not be alerted to staffing needs or other needs to accomplish the goals of the Error Reduction Implementation Plan.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department is committed to ensuring that everyone has the information they need and will work to ensure all required reports are submitted to the General Assembly and Governor moving forward.

The Department is committed to utilizing safety plans with parents to avoid children entering foster care whenever possible, we are also committed to ensuring that that the signed safety plan is in the file. Three occurrences where the paper copy was not in the file has been addressed with the field including reminders at all individual, site, team and regional meetings.

The License Board members who had served on the Board for longer than 6 consecutive years were transitioned off the Board in February 2023. The reconstituted License Board currently has eight (8) members in good standing and only one (1) remaining vacancy, "General Public" representative. The Department has advertised the General Public vacancy four (4) times since February 2023 and interviewed candidates, but they did not meet statutory qualifications. The most recent General Public representative vacancy announcement was posted 7/19/2023 and ends 8/18/2023. The License Board will review applications soon thereafter and schedule interviews as appropriate. The Department will continue to repost the vacancy, if necessary, until it is filled.

The OIG has sent the Department a draft ERT training plan on how to proceed next, which is pending approval by the Department leadership.

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As it relates to employee assaults and threats to employee's report; changes in procedure, as to when the report is created, have been implemented to achieve timely report submission moving forward.

UPDATED RESPONSE:

Partially Implemented.

Procedures have been put in place to ensure reports are filed timely with the General Assembly and the reports have been filed timely during 2023. For the three occasions where a physical copy of the safety plan was not found in the hard copy file, review of these three cases determined that the plan was shared but the hard copy was not physically placed in the file as the agency is very much transitioning from a hybrid model (paper and electronic based) to a fully electronic based system and until the division is fully electronic, the staff have been reminded of the importance of placing forms in the physical files. The CWEL Board has one General Public Representative vacancy remaining. Interviews were held 9/26/23 and the Board is scheduled to decide the issue during the Board Meeting on 10/30/23. It will be reposted, if necessary. The OIG will begin delivery of ERT on 10/17/23 in the Central Regions. Dates and locations for the training are scheduled through 2/2024.

- 10. Auditors recommend the Department 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 Act for FY2008) – This finding has been repeated since FY09-10.*

The Department of Children and Family Services (Department) 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, 2022, the Department employed 139 bilingual frontline staff.

The Act required that on or before July 1, 2008 the Department shall increase and maintain the number of bilingual on-board frontline staff by 40 over the level that it maintained on June 30, 2007.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2010. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management stated they continue to struggle to identify qualified applicants to meet the frontline staff bilingual recruitment requirement.

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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.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department has invested in robust efforts to recruit bilingual employees particularly within the last six-months, using a marketing/public relations company to help leverage their expertise in diversifying messaging and outreach through earned and paid media. Additionally, the Department will intensify its efforts to recruit bilingual employees through targeted "on the spot" hiring events, job fairs community and legislative outreach. Additional bonuses for bilingual employees are also offered. While the needs of the bilingual population continue to grow, at no time have the needs of the hotline or other Department services been impaired. All bilingual families are being serviced and all bilingual calls are being answered immediately with no wait time. We also have a translation service available to bridge the gap while we continue to recruit and retain highly qualified staff.

UPDATED RESPONSE:

Partially Implemented.

DCFS has held three in-person hiring events in the last six-months. Conditional job offers were made to over 500 candidates. We have increased the number of bilingual staff by 10% since this time last year and are developing strong relationships with our bilingual community partners as resources for recruiting initiatives. Bilingual staff and marketing/advertising materials are also used to for recruitment and retention of highly qualified staff.

- 11. Auditors recommend the Department perform and document adequate monitoring on all contracts to ensure contract payments are for services received and program plans and performance goals of the provider agencies are achieved.**

FINDING: *(Lack of Documentation of Monitoring of Contracts with Provider Agencies) – This finding has been repeated since FY11-12.*

The Department of Children and Family Services (Department) did not adequately document the monitoring of its provider agencies for compliance with contract terms.

The Department could not provide documentation demonstrating it had conducted monitoring of its non-substitute care service provider agencies. The non-substitute care provider agencies provide services which include, but are not limited to, counseling, habilitation, advocacy centers, system-of-care grants, and other child specific services. Specifically, auditors noted the Department was unable to provide documentation it had conducted monitoring, as specified in the contracts, for 12 of 60 (20%) contracts tested. For these 12 provider agencies, appropriations totaled approximately \$17,259,430 from the awards and grant appropriations line item during fiscal years 2021 and 2022. Total grants expended for the 12 contracts during fiscal years 2021 and 2022 totaled \$15,593,544, which was paid from the General Revenue Fund 0001 (\$6,183,102), the

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Children's Services Fund 0220 (\$9,302,792), and the DCFS Special Purpose Fund 0582 (\$107,650). Due to the Department being unable to provide documentation to demonstrate it had conducted monitoring, auditors cannot determine whether annual reviews required to be submitted by 9 of 12 grantees were performed by Department staff.

According to the Department's Policy Guide 2013.07 "Non-Substitute Care Contract Monitoring Process and Requirements", Part V (b), the Comprehensive Program Monitoring Review is required on each contract for non-substitute care services during the 3rd quarter of each fiscal year (January - March). The annual monitoring review shall be documented in writing following the format in the Non-substitute Care Contract Monitoring Database.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure State resources are used efficiently and are safeguarded against loss. All the contracts tested contained language requiring fiscal and program monitoring by the Department. The Department's performance of the monitoring should result in and be documented by the Department utilizing a monitoring report with corrective action plans when necessary. At a minimum, the Department should conduct on-site monitoring reviews of providers' services and performance, including reviews of all documentation maintained which support charges billed annually.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management acknowledges that all programs are not monitored in the same manner and exceptions noted were due to workforce changes and limited source of knowledge base.

Failure to monitor the performance of contracted services could lead to overpayments and payments for services not performed in accordance with contract terms and requirements. Thorough fiscal and administrative monitoring, including reviews of provider billing support and documenting that service delivery is in accordance with program plans and performance goals, is an essential oversight responsibility of the Department.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department will ensure staff serving in the contract monitoring role are performing monitoring duties pursuant to program plans. The Department added regional leadership roles to increase the oversight of regional based staff after facing staffing shortages during the time of this audit which was also during the global pandemic. The Department is also pursuing a new performance monitoring tool to aid in tracking and documentation of monitoring agency contracts.

UPDATED RESPONSE:

Partially Implemented.

The Department added new headcount positions in regional leadership roles to increase the oversight of regional based staff; both positions have been filled. The Department is reviewing methods to track compliance of contract monitoring procedures to hold staff accountable for the completion of assigned responsibilities. The Department continues to review options for the development of a new monitoring tool.

- 12. Auditors recommend the Department maintain documentation to demonstrate it distributes 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 the Act.**

FINDING: *(Noncompliance with the Adoption Act) – This finding has been repeated since FY17-18.*

The Department of Children and Family Services (Department) did not comply with the Adoption Act (Act).

The Act (750 ILCS 50/4.1(b)(3)) requires the Department, no later than September 24, 2017, to 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.

In order to conduct testing of the Act, auditors requested the Department provide us a population of licensed child welfare agencies performing adoption services during the examination period. The Department subsequently provided the requested population to us. However, during their testing of 5 agencies selected from the population, they noted the Department erroneously included one child welfare agency that did not perform adoption services during the examination period. Due to this condition, auditors were unable to conclude the Department's population were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Department management stated the Department erroneously included a service provider who was not applicable to the matter being addressed.

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, auditors performed testing of 40 adoption agencies. During testing, they noted the Department could not provide documentation to demonstrate it had distributed a written list of all pre-adoption approval requirements to 10 (25%) adoption agencies.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed

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to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Department management stated it did not retain documentation of its distributions of written list of all pre-adoption approval requirements due to employee oversight and competing priorities.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2018. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Without the Department providing complete and adequate documentation to enable testing, auditors were impeded in completing their procedures and providing useful and relevant feedback to the General Assembly regarding the Department's distribution of the pre-adoption approval requirements to Illinois licensed child welfare agencies and out-of-state agencies performing adoption services.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. All Illinois licensed child welfare agencies performing adoption services are provided with a written list of all pre-adoption approval requirements by the Department. Given the infinite number of out-of-state providers, it is impossible to reach all of those providers and the Department intends to ask for a revision to statute. Further, the Department has created a self-imposed a corrective action plan and has listed the adoption pre-approval requirements on our website.

UPDATED RESPONSE:

Implemented.

For all Illinois licensed child welfare agencies performing adoption services the Department has provided the written list of all pre-adoption approval requirements to all known providers as recent as June 2023. Additionally, it is now posted on the DCFS external website and includes procedure, interstate compact regulation and a checklist. The possible out-of-state agencies approved under this Act is infinite, and the ones with whom the Department have previously done an adoption; we do not continuously provide them with the preadoption approval requirements. The Department has corrected the audit concern and established an annual "tickler" update for our website and to our listed providers. The Department further intends to enter a language cleanup in statute to "applicable" out-of-state providers and further reference the pre-approval requirements accessible on our website.

- 13. Auditors recommend the Department: (1) notify in writing the decision made to quality-of- care applicants; (2) 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; (3) adopt procedures to suspend all payments to a private child welfare agency if it fails to comply with the requirements of the Act and put on hold for placement of other children and initiate corrective action like revocation of the agency's license if it fails to promptly report to the Department that a youth-in-care whom it has placed in foster family home no longer reside in that home; and (4) maintain a complete website listing of child welfare agencies licensed by the Department to provide adoption services.

FINDING: *(Noncompliance with the Child Care Act of 1969) – This finding has been repeated since FY17-18.*

The Department of Children and Family Services (Department) 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:

- The Act (225 ILCS 10/4(b-5)) requires the Department to notify the quality-of-care concerns applicant of its decision and the basis for its decision in writing. Per the Act (225 ILCS 10/2.22a), a quality-of-care concerns applicant is defined as an applicant for a foster care license or renewal of a foster care license where the applicant or any person living in the applicant's household:
 - (1) has had a license issued under this Act revoked;
 - (2) has surrendered a license issued under this Act for cause;
 - (3) has had a license issued under this Act expire or has surrendered a license, while either an abuse or neglect investigation or licensing investigation was pending or an involuntary placement hold was placed on the home;
 - (4) has been the subject of allegations of abuse or neglect;
 - (5) has an indicated report of abuse or neglect;
 - (6) has been the subject of certain types of involuntary placement holds or has been involved in certain types of substantiated licensing complaints, as specified and defined by Department rule; or
 - (7) has requested a youth-in-care's removal from the home, either orally or in writing, on 5 or more occasions.

During the testing of five quality-of-care concerns applicant, auditors noted one (20%) quality-of-care concerns applicant was not notified of the Department's decision and the basis for its decision in writing.

Department management stated the noted issue was caused by oversight.

Failure to notify the quality-of-care concerns applicant of the Department's decision in writing results in applicants not knowing the results of their application and represents noncompliance with the Act.

- The Act (225 ILCS 10/5.2(b)) requires the Department to notify child care facilities, on an ongoing basis of the provisions of this section, the Children's Product Safety Act (CPSA), and of the comprehensive list of unsafe children's products as provided and maintained by the Department of Public Health available on the Internet in plain nontechnical language that will enable each child care facility to effectively inspect children's products and identify unsafe children's products. The Department is also required to adopt rules to maintain data on childcare facilities without Internet access and to ensure the childcare facilities without Internet access register for available mailing lists of pertinent recalls distributed in paper form.

During the testing, auditors noted the Department has forms to encourage facilities to sign up for mailings lists through the Consumer Product Safety Commission (CPSC). However, the Department does not currently have a mechanism to confirm with the specific facilities on an on-going basis that they are registered with CPSC and therefore receive mailed notifications. Auditors also noted the Department has not adopted rules to maintain data on childcare facilities without Internet access and to ensure the childcare facilities without Internet access register for available mailing lists of pertinent recalls distributed in paper form. Finally, they noted the Department does not have special procedures concerning the notification to licensed facilities when the unsafe children's product list is updated.

Department management stated these noted exceptions were caused by staffing and leadership changes, oversight, and competing and conflicting federal mandates for the CPSA.

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.

- The Act (225 ILCS 10/7.3(b) thru 225 ILCS 10/7.3(e)) requires a private child welfare agency that places youth-in-care in foster family homes, at least once every 30 days to make a site visit to every such home where it has placed a youth-in-care. The purpose of the site visit is to verify that the child continues to reside in that home and to verify the child's safety and well-being. The private child welfare agency must document the verification in its records. The Department is required to periodically (but no less often than once every 6 months) review the child placement records of each private child welfare agency that places a youth-in-care. If a private child welfare agency fails to comply with the requirement, the Department must suspend all payments to the agency until the agency complies. In addition, the Act requires that if a child placed in a foster family home is missing, the foster parent must promptly report that fact to the Department or to the child

welfare agency that place the child in the home. If the foster parent fails to make such a report, the Department shall put the home on hold for the placement of other children and initiate corrective action that may include revocation of the foster parent's license to operate the foster family home. A foster parent who knowingly and willfully fails to report a missing foster child under the Act is guilty of a Class A misdemeanor. If a private child welfare agency determines that a youth-in-care whom it has placed in a foster family home no longer resides in that home, the agency must promptly report that fact to the Department. If the private child welfare agency fails to make such a report, the Department shall put the agency on hold for the placement of other children and initiate corrective action that may include revocation of the agency's license.

During their testing, auditors noted the Department has no procedure in place to perform the following:

- Suspend all payments to a private child welfare agency if it fails to at least once every 30 days make a site visit to every such home where it has placed a youth-in-care, and/or fails to document the verification of the visit within its records.
- Put the foster home on hold for placement of other children and initiate corrective action if the foster home fails to report to the Department or to the child welfare agency that the child placed in a foster family home is missing.
- Put on hold for placement of other children and initiate corrective action of the private child welfare agency's license if it fails to promptly report to the Department that a youth-in-care whom it has place in foster family home no longer reside in that home.

Department management stated issues noted were caused by staffing and leadership changes, oversight, and organizational shifts.

Not having procedures in place to comply with the requirements of the Act creates an increased risk that the Department will make payments to ineligible private child welfare agency and hinders the Department's ability to assess the safety and welfare of its youth-in-care.

- The Act (225 ILCS 10/12(g)) requires the Department to maintain a website listing of private child welfare agencies licensed by the Department that provide adoption services and other general information for biological parents and adoptive parents. The website shall include, but not be limited to, agency addresses, phone numbers, e-mail addresses, website addresses, annual reports, agency license numbers, the Birth Parent Bill of Rights, the Adoptive Parents Bill of Rights, and the Department's complaint registry.

During the testing, auditors noted the Department's website did include all the required information for the private child welfare agencies; however, the website did not include the most recent annual reports for all the private child welfare

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agencies listed. Specifically, the website did not include the annual reports for fiscal years 2019 through 2022.

Department management stated issues noted were due to oversight.

Failure to post the most recent annual reports for all the private welfare agencies hinders the relevant 3rd parties' ability to assess the information of those taking care of the State's youth-in-care.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2018. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. There are procedures in place to report youth in a missing status when applicable. Agency Performance monitoring has the ability and has exercised their discretion in conducting agency utilization reviews. In the event of a significant contractual breach, the Department can halt services. Going forward there will be better clarity as to what can trigger an agency being placed on "hold" as outlined in statute. Of note, payments to an individual provider can be halted immediately. Organizational shifts and competing mandates contributed to the lack of practice clarity in this regard.

The Department agrees that the occurrence of one quality-of-care concern applicant not being notified in writing of the Department decision regarding their license or renewal demonstrates non-compliance. While this specific applicant was confirmed to have been verbally notified, this instance was used as a reminder to all licensing staff of the requirement to notify of the decision in writing.

The Department agrees with the auditor regarding findings related to childcare facilities without internet access and we are committed to ensuring childcare facilities are aware of all information released by the Child Product Safety Commission. It is important to note that the CPSA states that per Sec. 6A they do not provide a service where hard copy updates of Unsafe Children's Products and recalls are mailed to the person making the request. To align with the CPSA, an amendment of the Child Care Act of 1969 was recently passed by both Illinois Houses on May 4, 2023. The amendment requires that the Department of Children and Family Services shall establish and maintain a database on the safety of consumer products and other products, or substances regulated by the Department that is: (1) publicly available; (2) searchable; and (3) accessible through the Internet website of the Department. The amendment removes language regarding childcare facilities without internet.

The Department developed a system to comply with the amendment and is prepared to execute this on January 1, 2024, when the legislation goes into effect. Additionally, the DCFS Sunshine website currently provides access to the Unsafe Children's Product & U.S.

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Consumer Product Safety Commission to view and print down the comprehensive list of unsafe children's products.

The Department of Licensing will designate two people (one as a backup to the other) who will provide the previous two calendar years updated 596Q forms to the Office of Communications by December 1 of each year to be posted on the website per the Child Welfare Act of 1969. The CCA required registration for available mailing when the CPSC only provides e-mail registration. The Department forms were in alignment also with the CCA that requires changes. For licensing to comply, the CCA needed to conform so that both laws were aligning; this has since been updated. The Department will update its rules, procedures and forms to come into compliance.

UPDATED RESPONSE:

Partially Implemented.

1) & 2) No change. This issue is being addressed through technology and rule and by January 1, 2024, and will no longer be an issue.

3) The Department is developing specific guidelines for how to respond when an agency fails to promptly report to the Department that a youth-in-care whom it has placed in a foster family home no longer residing in that home. These guidelines include, but are not limited to, when to use regional corrective action; agency level corrective action; utilization reviews, letter of concern, intake holds and contract termination.

4) For all Illinois licensed child welfare agencies performing adoption services, the Department has provided the written list of all pre-adoption approval requirements to all know providers as recent as June 2023. Additionally, it is now posted on the DCFS external website and includes procedure, interstate compact regulation and a checklist. The possible out-of-state agencies approved under this act is infinite, and the ones with whom we have previously done an adoption; we do not continuously provide them with the preadoption approval requirements. The Department has corrected the audit concern and established an annual update to our website and to our listed providers in the future. The Department further intends to enter a language cleanup in statute to "applicable" out of state providers, and further reference the pre-approval requirements accessible on our website.

14. Auditors recommend the Department ensure that the authorized service provider is provided 30 days written notice for any contract between a state agency and an authorized service provider for the provision of social services terminated, suspended or reduced by either party to the contract for any or no reason. In addition, they recommend the Department ensure the written notice includes the date upon which the authorized service provider must submit its final invoice to the Department for payment of services rendered and ensure the contract number in the written notice and the contract termination listing is accurate.

FINDING: *(Noncompliance with the Social Services Contract Notice Act) - New*

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The Department of Children and Family Services (Department) failed to comply with the Social Services Contract Notice Act (Act) (30 ILCS 596/20).

The Act requires any contract between the Department and an authorized service provider for the provision of social services may be terminated, suspended or reduced by either party to the contract for any or no reason upon 30 days prior written notice to the party. A written notice issued by the Department is to include the date upon which the authorized service provider must submit its final invoice to the Department for payment of services rendered.

In order to conduct testing over the Act, auditor4s requested the Department provide us a population of terminated, suspended, or reduced contracts during the examination period. The Department subsequently provided the population, however during the testing over the accuracy and completeness of the population, auditors noted the Department inadvertently included one fiscal year 2020 contract noted as being terminated in the fiscal year 2021 contract termination population. Further, they noted the population included one contract sampled that showed different contract numbers between the written notice and the contract with the authorized service provider.

Due to this condition, auditors were unable to conclude the Department's population was sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, they performed testing of 13 terminated, suspended, or reduced contracts.

During the testing, auditors noted the following:

- For three (23%) contracts tested, the Department did not provide written notice to authorized service providers providing social services upon 30 days. The Department's notifications were sent 26 to 22 days prior to the contract's stated termination date.
- For 13 (100%) contracts tested, the Department's written notice did not include the date upon which the authorized service provider must submit its final invoice to the Department for payment of services rendered.

Department management stated the issues were due to oversight and data entry errors.

Failure to provide a timely written notice, not including the final invoice date in the written notice to authorized service provider providing social services, and failure to maintain an accurate contract termination population could lead to improper payments to authorized service providers and it further impeded their ability to complete the auditing procedures which provides useful and relevant feedback to the General Assembly regarding the Department's compliance with the Act.

DEPARTMENT RESPONSE:

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The Department agrees with the auditor's recommendation regarding the Social Services Contract Notice Act, written notices of non-renewal/terminations will be made timely. These notices will also include the date which providers must submit final invoices for payment, which is usually within the Fiscal Year in which services were delivered.

UPDATED RESPONSE:

Partially Implemented.

The Department has created a log to track contracts that are terminated, suspended, or reduced to assist with compliance with the Social Services Contract Notice Act. Letters have been modified to include the date upon which the service provider must submit its final invoice. Methods to ensure notices are sent timely and include accurate contract numbers are being developed.

- 15. Auditors recommend the Department strengthen its controls over the recording and reporting of its state property and equipment transactions to ensure property records accurately reflect equipment on-hand in accordance with State regulations, equipment items are properly inventoried and tagged, and reports are timely submitted.**

FINDING: *(Failure to Maintain Accurate Property Records) – This finding has been repeated since FY17-18.*

The Department of Children and Family Services (Department) did not maintain adequate internal controls over its property and related fixed asset records.

During the testing of Department's quarterly Agency Reports of State Property (Form C-15) filed with the Office of Comptroller (Comptroller), auditors noted the Department's State property listing could not be reconciled with the ending balances reported in the Form C-15 for the fourth quarter ended June 30, 2021. Specifically, they noted an irreconcilable difference of \$507,585 between the Department's property listing and the Form C-15.

Due to these conditions, auditors were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (ATC § 205.36) to test the Department's equipment.

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, auditors performed the following tests:

List to Floor and Floor to List Testing:

During the physical inspection of 25 equipment items, auditors noted one equipment item (4%), totaling \$2,272, did not have a tag number. In addition, during their tracing of 25

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equipment items to the Department records, they noted one equipment item (4%), a computer storage center controller, could not be traced to the property records.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.10) requires the Department to maintain detailed property records and update property records as necessary to reflect the current balance of the State property. Such detailed records are to be organized by major asset category and include information such as the equipment tag number, location, item function and activity, among others.

Further, the Illinois Administrative Code (44 Ill. Admin. Code 5010.210) requires the Department to mark each piece of State-owned equipment in its possession with a unique identification number.

Additions Testing:

During the testing of additions, auditors noted 2 of 30 (7%) equipment acquisitions, totaling \$2,300, were added to the Department's property records 191 and 329 days after the equipment acceptance dates.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) requires the Department to adjust property records within 90 days of acquisition, change, or deletion of equipment items.

Filing of Form C-15 to the Comptroller:

The Department did not submit 4 of 8 (50%) quarterly Form C-15s for fiscal year 2021 and fiscal year 2022 to the Comptroller on a timely basis. Specifically, the Form C-15s were submitted 4 to 137 days late.

The SAMS Manual (Procedure 29.20.10) requires the Form C-15 to be filed on a quarterly basis and submitted to the Comptroller no later than the last day of the month following the last day of the quarter.

Filing of Annual Inventory Certification to the Department of Central Management Services (CMS):

The Department submitted its fiscal year 2021 annual inventory certification to CMS 26 days late.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.460) requires the Department to complete and certify the Department's annual physical inventory of State equipment and submit a complete property listing to CMS on dates designated by CMS. The Department's designated due date was July 1, 2021.

Department management stated exceptions noted were due to employee turnover, lack of training, and competing priorities.

Failure to maintain accurate property records and timely file reports represents noncompliance with State laws and regulations and increases the potential for fraud and theft of State property. Further, without the Department providing complete and adequate documentation to enable testing, auditors were impeded in completing their procedures and providing useful and relevant feedback to the General Assembly regarding the Department's compliance requirements over its property during fiscal year 2021.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The property control manager enters all items on a quarterly basis so that C-15 reports can be submitted timely and within the parameters of the deadline. This ensures all items are entered into the system within 90 days. When items are received, the procurement department sends purchase order packets to the property control manager, informing them of the delivery date, price, item description, location, etc. With this information, the property control manager can decide which type of property tag the item requires (a barcode tag or a red/white property sticker) and apply the correct tag based on department policy and IOC regulations. When items come in large quantities/bulk, the warehouse managers assign tags to all items and keep them with the items until they are removed from the warehouse, allowing the property control manager to enter all tag information immediately instead of waiting for each item to be delivered.

Annual inventory was successfully completed for FY23 and all 64 DCFS sites were fully inventoried. All discrepancies were sent to CMS for deletion and a schedule is already in place for completing inventory at all sites in FY24. The server and IT discrepancies that were noted are currently being reviewed by their respective department leads. New procedures are being developed allowing these units to work more closely with the property control manager.

Additionally, there are two new positions that were hired in the Property Control Unit, to assist with critical staffing shortages. One is a property control liaison in Cook County that will serve as direct backup to the property control manager so there is always someone in the agency that can handle property control if someone is out. The Department also hired a new office coordinator for the property control manager to help manage all tasks and ensure all reporting, inventory, tagging, etc. is done within the specified guidelines.

UPDATED RESPONSE:

Partially Implemented.

A new staff position has been hired for the Chicago area and is currently updating and scanning inventory. Also new procedures are currently being tested and updated with changes for property control.

- 16. Auditors recommend the Department implement internal controls to ensure it adequately tracks all motor vehicle accidents to make certain they are timely reported to CMS.**

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FINDING: *(Inadequate Internal Controls Over Accident Reporting) – This finding has been repeated since FY11-12.*

The Department of Children and Family Services (Department) failed to maintain adequate internal controls over accident reports.

After selecting a sample of accidents involving State vehicles during the examination period and completing their examination procedures, auditors noted discrepancies between the Department's population and the Auto Liability Report of accidents produced from the Department of Central Management Services' (CMS) database. Specifically, they noted there were two accidents for which auditors received support from the Department which were not reported to CMS, and, therefore, were left off of the Auto Liability Report obtained from CMS. In addition, there was one accident reported in CMS' Auto Liability Report but was not included in the Department's list. Therefore, auditors noted the Department failed to provide a complete and accurate population of accidents that occurred during the examination period.

Department management stated the listing did not reconcile due to the confusion as to the type of accidents needed to be reported to CMS by the vehicle coordinator.

Due to these conditions, auditors were able to conclude the Department's population records for operation of automobile accidents were not sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36).

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, auditors noted the following issue:

The Department did not timely file its Motorist's Report of Illinois Motor Vehicle Accident Reports (Form SR-1) for 3 of 4 (75%) accidents tested. The accidents were reported between 1 and 20 days late. The Illinois Administrative Code (44 Ill. Admin. Code 5040.520(i)) and the CMS Vehicle Guide requires all accidents reported on Form SR-1 be sent to CMS no later than seven days after the accident has occurred.

This finding was first reported in the Department's State Compliance Examination for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management stated the late reporting of the accidents to DCMS was due to delay of employee's submission of information to the vehicle coordinator and due to a technical issue in submitting the reports in the DCMS reporting system.

Untimely submission of accident reports could delay an investigation, impair the State's ability to defend itself against claims, or delay settlement of claims made against the State. Further, without the Department providing complete and adequate documentation

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to enable testing, auditors were impeded in completing their procedures and providing useful and relevant feedback to the General Assembly regarding the Department’s compliance with the Code.

DEPARTMENT RESPONSE:

The Department agrees with the auditor’s recommendation. The Department has recently hired a new facilities manager in each region after an unprecedented loss of staff during COVID, which is during this time of this audit. In each region to assist with car maintenance including timely accident reporting. Vehicles at each field office are closely monitored by an assigned on-site vehicle coordinator who is trained on the proper reporting of any accident of the vehicle located at their facility. These on-site coordinators report to the regional facilities manager all accidents; who in turn report to the agency vehicle coordinator for proper reporting to CMS Division of Vehicles within the seven-calendar day reporting requirement. The facilities managers provide next step directions to the coordinator or make and/or arrange for the repair arrangements themselves.

The addition of the regional facilities managers and on-site vehicle coordinators has already proven to be successful.

UPDATED RESPONSE:

Partially Implemented.

Each region – Northern, Southern, Central, Cook and Springfield now have a Facilities Manager in place working directly with the Vehicle Coordinator to assure timely reports from staff members within their regions. These reports are then reviewed and submitted to CMS as soon as they are received to assure all information is correct.

- 17. Auditors recommend the Department comply with the Illinois State Collection Act of 1986 by requesting earned federal reimbursements in a reasonable timeframe.**

FINDING: *(Federal Reimbursements Not Requested Timely) – This finding has been repeated since FY11-12.*

The Department of Children and Family Services (Department) failed to timely request reimbursement of federally supported programs.

Of 48 grants supported by federal programs in fiscal year 2022, 16 (33%) 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
1348	\$ 47	\$ –	\$ –	\$ 47	N/A*

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1345	\$ 19	\$ -	\$ -	\$ 19	N/A*
1353	\$ 2	\$ -	\$ -	\$ 2	N/A*
1359	\$ 32	\$ -	\$ -	\$ 32	N/A*
1361	\$ 32	\$ -	\$ -	\$ 32	N/A*
1380	\$ 130	\$ (32)	\$ -	\$ 98	N/A*
1391	\$ 61	\$ -	\$ -	\$ 61	N/A*
1396	\$ 700	\$ 257	\$ 257	\$ 700	272%*
1398	\$ 10	\$ 47	\$ 24	\$ 33	70%
1402	\$ 96	\$ 58	\$ -	\$ 154	266%*
1403	\$ -	\$ 39	\$ -	\$ 39	100%
1405	\$ -	\$ 6	\$ -	\$ 6	100%
1130	\$ 8,779	\$ 12,419	\$ 8,779	\$ 12,419	100%
1137	\$ -	\$ 11,920	\$ -	\$ 11,920	100%
1137	\$ -	\$ 4,600	\$ -	\$ 4,600	100%

* 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.

The Illinois State Collection Act of 1986 (30 ILCS 210/3) states that it is the responsibility of each State agency to timely collect amounts owed to that agency. Good cash management practices require that monies owed the State be requested in a timely manner.

This finding was first reported in the Department’s State Compliance Examination for the two years ended June 30, 2012. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management indicated that due to the nature of the federal entitlement grants the Department participates in an initial analysis of spending that meets eligibility requirements must be done prior to a State’s fiscal year end. Further, an additional analysis needs to be performed to ensure the Department maximizes its federal return by applying eligible expenditures to the most advantageous federal program. Department management stated the additional, 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 to be reported on the Department’s financial statements. The delay in performing the analyses described above was due to competing priorities of staff at a time when this process was made more complicated due to additional funds made available for the COVID-19 pandemic relief. The additional COVID-19 pandemic funds had a cascading effect on the Department’s small, multiyear grants creating carryover from year to year.

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

DEPARTMENT RESPONSE:

The Department agrees with the auditor’s recommendation which has also been implemented by drawing all funds available no later than 60 days after they are earned. It is important to note that the Department, like other agencies across the state and businesses around the world, had been understaffed during this reporting period for a

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number of reasons including the global pandemic. While the Department continues to make unprecedented strides and is reaching staffing levels not seen in 15 years, it has taken us some time to rebound and find qualified staff.

UPDATED RESPONSE:

Implemented.

The Department has implemented quarterly reviews to ensure timely requests for federal reimbursement. The Department also completed a reconciliation to clean up inconsistencies in the reporting of older federal grants.

- 18. Auditors recommend the Department develop procedures and properly train designated staff to accurately perform monthly reconciliations on a timely basis.**

FINDING: *(Monthly Reconciliations Not Performed Timely) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services (Department) did not timely perform monthly reconciliations of the Department's accounting and financial data to the Office of Comptroller (Comptroller) records.

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

- Seven of 8 (88%) Appropriations Status Report (SB01) monthly reconciliations tested were not performed on a timely basis. The untimely reconciliations ranged from 1 to 225 days late.
- Seven of 8 (88%) Object Expense/Expenditures by Quarter Report (SA02) reconciliations tested were not performed on a timely basis. The untimely reconciliations ranged from 1 to 225 days late.
- Two of 8 (25%) Revenue Status Report (SB04) monthly reconciliations tested were performed 2 days late.
- Two of 8 (25%) Cash Report (SB05) monthly reconciliations tested were performed 2 days late.
- The Department did not perform reconciliations of the Agency Contract Report (SC14) or the Obligation Activity Report (SC15) during fiscal years 2021 and 2022. The Comptroller's records show the Department had \$374,923,125 and \$405,792,676 in contracts at June 30, 2021 and June 30, 2022, respectively.

The SAMS Manual (Procedure 07.30.20) outlines the requirements for agencies to complete the above monthly reconciliations of accounting and financial information to SAMS within 60 days of month end.

Further, during the testing of the Department's five locally-held fund's monthly bank reconciliations for fiscal year 2021 and fiscal year 2022, auditors noted the following:

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- Seven of 120 (6%) monthly bank reconciliations tested, were performed 2 to 308 days late.
- For one of 120 (1%) monthly bank reconciliation tested, the Department did not document the date the reconciliation was performed, thus auditors were unable to determine if the reconciliation was performed within 60 days of the applicable month's end.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal control practices include reconciliations that are timely and adequately prepared within 60 days of month end.

Department management stated failure to complete monthly reconciliations for Reports SC14 and SC15 and other delays in completing monthly reconciliations were due to competing priorities of staff time caused by long-term staffing vacancies in key management positions in the Finance Division.

Timely reconciliations are an important internal control procedure and mechanism that allows the Comptroller to take necessary corrective action in the event irreconcilable differences between Department and Comptroller records occur.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department continues to carry vacancies in key management positions that are responsible for reconciliation of accounts. To combat the fluidness of hiring and vacancy rates, the Department has added both managerial and support level headcount to provide additional support as well as duplicity in coverage to better react to vacancies and the time it takes to back fill positions. Several of these positions are in the advanced stages of the hiring process and the Department looks forward to being able to be fully staffed.

UPDATED RESPONSE:

Partially Implemented.

The Department has made improvements in the timely completion of its monthly reconciliations. Senior management headcount has been added to better manage staff and provide coverage during times of staffing shortages.

- 19. Auditors recommend the Department design and maintain internal controls to provide assurance its data entry of key attributes into the ERP System is complete and accurate. They also recommend the Department process proper bills within 30 days of receipt and timely approve vouchers for payment to vendors. In addition, auditors recommend the Department's Deputy Director approve out-of-State travel prior to the employee's travel**

date, if able.

FINDING: *(Voucher Processing Internal Controls Not Operating Effectively) - New*

The Department of Children and Family Services' (Department) internal controls over its voucher processing function were not operating effectively during the examination period.

Due to their ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology (DoIT), auditors were able to limit the voucher testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP System. In order to determine the operating effectiveness of the Department's internal controls related to voucher processing and subsequent payment of interest, they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Auditor's testing noted 9 of 140 (6%) attributes were not properly entered into the ERP System. Therefore, the Department's internal controls over voucher processing were not operating effectively.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Department to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Department maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, auditors qualified their opinion because they determined the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, auditors conducted an analysis of the Department's expenditures data for fiscal years 2021 and 2022 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). Auditors noted the following noncompliance:

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- The Department owed 306 vendors interest totaling \$6,134 in fiscal years 2021 and 2022; however, the Department had not approved these vouchers for payment to the vendors.

The Act (30 ILCS 540) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

- The Department did not timely approve 23,543 of 561,330 (4%) vouchers processed during the examination period, totaling \$96,476,729. Auditors noted these late vouchers were submitted by the Department to the Comptroller's Office between 1 and 373 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Department to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

In addition, during the testing of 40 travel vouchers, auditors noted one (3%) out-of-State travel request was not approved by the employee's deputy director prior to travel date. Specifically, the travel request was approved 62 days late.

Furthermore, they selected 60 vouchers from the children's personal and physical maintenance (CPPM) appropriation line to test for reasonableness and adequacy of support. In many instances, multiple payments were made to a vendor or provider on a single voucher. The 60 vouchers included 313 payments, totaling \$256,978. During their testing, auditors noted 3 of 60 (5%) vouchers were not approved in a timely manner, ranging from 1 to 13 days late.

The Department's Administrative Procedure #12, Travel Guide for Department Employees, requires when traveling out-of-State on "ward related" business, staff must first obtain approval from the responsible Deputy Director.

The Code (74 Ill. Admin. Code 900.70) requires the approval of bills within 30 days after receipt thereof.

Department management stated the majority of the exceptions noted were due to the global hiring crisis which resulted in the Fiscal Division operating at a vacancy rate around 50% during most of the engagement period.

Failure to properly enter the key attributes into the State's ERP System when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP System, which can result in improper interest calculations and expenditures. In addition, failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the Code, Department procedures, and the Act. Further, failure to obtain approval from the Deputy Director prior to out-of-State travel results in noncompliance with the Department's procedures.

DEPARTMENT RESPONSE:

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The Department agrees with the auditor's recommendations and understands the importance of timely payment for the goods and services provided to support our state's youth in care. The Department has added both managerial and support level headcount to better enforce the internal controls already in place to ensure vouchers submitted to the Department are processed timely and accurately. The Department has also implemented a process to ensure timely processing of Prompt Payment Interest vouchers when there are delays in processing payments to the vendors of the Department. The Department also continues to review its data processing systems to ensure its data is reliable, complete and accurate.

UPDATED RESPONSE:

Partially Implemented.

The Department has added headcount to the support unit that is responsible for vendor payments. Several of these positions have been filled and interviews are either scheduled or planned for the other newly created positions. Procedures have been updated to include monthly processing of Prompt Payment Invoices. An automated provider billing process is being developed and will be implemented prior to January 1, 2024. This process will eliminate the requirement for duplicate data entry, making our payment processes much more efficient and increasing the accountability and transparency with our provider network.

20. Auditors recommend the Department work with the Department of Innovation and Technology to transition and fully utilize the General Ledger, Grants Management, Controlling, Accounts Payable, and the Funds Management modules of the ERP System.

FINDING: *(Failure to Fully Utilize the State's Enterprise Resource Planning System) – New*

The Department of Children and Family Services (Department) did not utilize all the capabilities of the State's Enterprise Resource Planning (ERP) System which resulted in unnecessary inefficiency.

The State's implementation of an ERP System centralized the finance, procurement, grants management, and asset management processes by replacing outdated manual systems and technologies. The ERP System can enhance transparency of data, reduce processing time, and improve the timeliness of financial reporting. During the examination period, the ERP System's processing integrity was sufficient to enable reliance upon the ERP System's processing of transactions.

For commodities and property inventories, the ERP System has several functionalities which reduce the number of manual transactions and processing time, such as the "shopping cart" feature that creates a purchase order, tracks receipt of the goods or service along with the vendor's related invoice, helps generate the voucher fields necessary for the processing of payment to the vendor, records inventory and property transactions, and enables financial reporting to the Comptroller's Office.

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During the examination, auditors noted the Department recorded financial transactions, however, the Department did not utilize the General Ledger, Grants Management, and Controlling ERP Modules and did not fully utilize the Accounts Payable and Funds Management ERP Modules.

- The General Ledger module records the financial transactions of an agency and the State's chart of accounts.
- The Grants Management module maintains the budget, obligations, actual expenditures, revenues, etc. associated with each specific grant.
- The Controlling module collects, analyzes, distributes, allocates, and reports on financial data according to cost objects.
- The Accounts Payable module records and manages accounting data for all vendors.
- The Funds Management module maintains, tracks, and reports on revenues, expenditures, commitments, obligations, and transfers for each fund and budget.

Government Auditing Standards (§ 1.02) states the concept of accountability for use of public resources and government authority is key to our nation's governing processes.

Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, and ethically within the context of the statutory boundaries of the specific government program.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws. Good internal controls over compliance include ensuring the full capabilities of the ERP System are used to efficiently process, record, and report transactions.

Department management stated its utilization of the ERP System was determined, in part, by the needs of (1) automation for its high-volume board voucher process for child care expenditures as well as (2) the ability to validate appropriateness of case related payments against its case management system. The ERP system does not have solutions in place for either of these needs, so these processes must remain in its legacy systems which are then interfaced into the State's ERP System.

Failure to fully utilize the State's ERP System could result in outdated systems not being supported, untimely financial information and the lack of full transparency and result in the inefficient usage of State resources.

DEPARTMENT RESPONSE:

The Department accepts the auditor's recommendations. The Department worked very closely with the Department of Innovation and Technology (DOIT) throughout the

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implementation of the ERP System. Due to the need to ensure the stability of the State's system of child welfare, it was determined, with the approval of the State of Illinois Chief Information Officer, that the legacy systems in place could not be retired because as many as 20,000 automated monthly payments directly support the families that keep our youth safe, clothed and fed. Decisions were made to maintain most of our legacy systems and integrate with the ERP system while the Department moved forward with its plan to develop a new Comprehensive Child Welfare Information System (CCWIS) compliant system. The contracts awarded to develop this system include provisions to utilize the ERP system to its fullest extent. The finance portion of development is scheduled to begin in the latter portion of FY25. Until that time, the Department continues to assess its ability to utilize the ERP system while maintaining the integrity of its legacy systems to ensure the most efficient and effective use of State resources while utilizing the ERP system to ensure Statewide access to financial data for transparency and accountability.

UPDATED RESPONSE:

Under Study.

No Change

21. Auditors recommend the Department perform the following:

- **Update the Service Access Request and Electronic Communication and Distribution Procedures to include a requirement to review access rights and access provisioning requirements for contractors.**
- **Ensure terminated users' access is timely terminated.**
- **Conduct annual review of users' access to all of the Department's applications.**

FINDING: *(Inadequate Access Controls) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services (Department) had not implemented adequate procedures and processes related to its applications' access and controls.

The Department utilizes several applications to carry out its mission which includes the Statewide Automated Child Welfare Information System (SACWIS) and the Department's accounting system (MARS). During the testing of access controls to these two applications, auditors noted:

- The Service Access Request and Electronic Communication and Distribution Procedures (Procedures) did not require reviews of access rights to applications. Additionally, the Procedures did not document access provisioning requirements for contractors.
- Six of nine (67%) terminated employees' access to MARS were not disabled within five business days from termination date. The terminated employees' access was disabled 11 to 25 days after the 24-hour requirement.
- Six of 19 (32%) terminated employees' access to SACWIS were not disabled within five business days from termination date. The terminated employees' access was disabled 5 to 292 days after the 24-hour requirement.

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- A review of SACWIS users' access was not conducted during the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to implement internal controls to ensure timely termination of access rights and review of users' access rights.

Best business practices require entities to disable terminated employees' user accounts within 24 hours from termination date.

Department management indicated weaknesses noted were due to oversight and a lack of staffing.

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

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department will collaborate on updating Service Access Request and Electronic Communication and Distribution Procedures. With the start of the IllinoisConnect Project mid-year 2022, DoIT@DCFS is 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 recommendations from the auditors. In addition, the Department is currently developing an optimized technology enabled workflow for all employees which separate from the Department to more timely address access controls. The Department will collaborate with DoIT@DCFS to establish a periodic review of users' access.

UPDATED RESPONSE:

Partially Implemented.

The onboarding process has been modified to require clearer control of access rights for both employees and contractors.

The Jira Work Service Management project to develop onboarding and offboarding automated workflow has gone into User Acceptance Testing of the Onboarding Automated Workflow. The Offboarding Automated Workflow will be a fast follower.

22. Auditors recommend the Department:

- **Develop procedures to document the requirements for ensuring the accuracy and completeness of data, correction of errors, avoidance of duplicate data, and the balancing of data with source information for SACWIS.**
- **Ensure documentation is maintained demonstrating change populations are complete and accurate.**

FINDING: *(Inadequate Controls Over Applications and Data Accuracy) – First reported 2020, last reported 2022*

The Department of Children and Family Services (Department) did not maintain adequate internal controls over the accuracy of its applications and data.

The Department utilizes several applications to carry out its mission, including the Statewide Automated Child Welfare Information System (SACWIS) and the Department's accounting system (MARS). During the testing, auditors noted:

- 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, and the balancing of data with source information for SACWIS.
- The Department's reports on Child Abuse and Neglect Determinations and Initiation of Investigations of Child Abuse and Neglect from SACWIS contain data entry errors. Specifically, noted date and time of determination and initiation of investigations were auditors not accurately entered in SACWIS. See Findings 2022-007 and 2022-008 for further details.
- The Department provided SACWIS data during their follow ups to recommendations noted in the Status of Performance Audit Recommendations section of the Department's State Compliance Examination report for which auditors could not either confirm the data's accuracy or they noted the data was inaccurate. Specifically, data accuracy issues arose during the following testing procedures:
 - Recommendation 3 in the Status of Performance Audit Recommendations of the *Management Audits for the Management Audit of the Department of Children and Family Services Search for Missing Children*.
 - Recommendation 16 in the Status of Performance Audit Recommendations of Management Audits for the *Performance Audit of the Department of Children and Family Services LGBTQ Youth-In- Care*.
- Auditors requested the Department provide a population of changes to SACWIS and MARS during the examination period. The Department provided a population; however, the Department 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 §

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205.36). Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, they selected a sample of changes and noted no exceptions.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Configuration Management section, requires entities to document their controls to ensure controls over changes to applications and data are properly documented, tested, authorized, and reviewed.

Department management indicated exceptions noted were due to oversight and competing priorities.

The lack of adequate internal controls over Department applications and data could result in unauthorized changes and incomplete and inaccurate data. In addition, failing to maintain sufficient change records increases the risk of unauthorized changes or inaccurate data not being detected and hindered their ability in providing relevant feedback to the General Assembly.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. With the start of the IllinoisConnect Project mid-year 2022, DoIT@DCFS is 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 recommendations from the auditors.

UPDATED RESPONSE:

Partially Implemented.

The IllinoisConnect (CCWIS) project began July 1, 2022. DCFS has been working steadily on the Data Quality Plan which includes the implementation of Data Governance as well as Data Stewardship.

23. Auditors recommend the Department:

- **Develop adequate policies and procedures to ensure its resources are adequately protected.**

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- **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 employees complete the annual cybersecurity training.**

FINDING: *(Weaknesses in Cybersecurity Programs and Practices) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services (Department) had not implemented adequate practices and controls to protect confidential information.

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

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During the examination of the Department's cybersecurity program, practices, and control of confidential information, auditors noted the Department had not:

- Developed formal security policies and procedures to ensure its resources and data were adequately protected:
 - Cybersecurity plan,
 - Project management framework,
 - Data classification plan, and
 - 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.
- Developed policies and procedures for reviewing and monitoring security implementation and violations.

Additionally, 21 of 60 (35%) staff sampled had not completed the annual cybersecurity training and acknowledged receipt and compliance with the Department's policies.

The Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology require entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative

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controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The Data Security on State Computers Act (20 ILCS 450/25) requires every employee to annually undergo training by the Department of Innovation and Technology (DoIT) concerning cybersecurity.

Department management indicated a significant amount of effort would be needed to manage the Cyber Security training requirements within the Department's current system, and as such, the Department lacks the adequate staffing levels to achieve this.

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.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. Many improvements have been completed to protect the DCFS systems and computing equipment. Efforts continue including implementing a more secure VPN solution, and changing server configurations to be more secure.

A risk assessment was completed in January 2022, performed in cooperation with the Department of Innovation and Technology Risk Assessment team.

Data Classification will be accomplished as the first part of the IllinoisConnect Project, and with every release, as new data elements are added to that application.

As of the start of IllinoisConnect mid-year of 2022, DoIT@DCFS will not modify existing procedures; appropriate procedures will be implemented as part of the IllinoisConnect Project. Data classification will be part of all releases.

The IllinoisConnect Project contract requires the establishment, training, documenting of a comprehensive tracking and reporting solution. The first part of this capability is planned for Release 5 (scheduled for November 2023) with supplemental capabilities in Release 7 (October 2025) and Release 9 (July 2026).

UPDATED RESPONSE:

Partially Implemented.

The IllinoisConnect (CCWIS) project began July 1, 2022. DCFS has developed a System Security Plan is updated with the release of each module/capability.

- 24. Auditors recommend the Department update its Plan to reflect the current environment and once updated, the Plan should be reviewed, updated, and tested at least annually.**

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FINDING: *(Inadequate Disaster Recovery Planning and Testing) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services' (Department) Disaster Recovery Plan (Plan) contained weaknesses and recovery testing had not been conducted.

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

During the testing of the Department's 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, they noted the Department did not conduct disaster recovery testing during the examination period.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Contingency Plan section, requires entities to have an updated and regularly tested contingency plan as baseline security controls integral to ensuring the timely recovery of applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and maintain accountability over the State's resources.

Department management indicated the lack of Office of Information Technology Services (OITS) resources lead to the weaknesses. OITS has not been able to acquire the resources to update the disaster recovery processes and manage execution of disaster recovery testing.

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

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendations. The SACWIS has a Disaster Recovery Plan adequate to protect the function of the Department. A complete Disaster Recovery Plan is required of the IllinoisConnect Project and will develop testing procedures and plans, including, at minimum, annual testing of those plans. This will

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encompass all critical systems by the completion of Release 9 of the IllinoisConnect Project on or about July 2026.

UPDATED RESPONSE:

Partially Implemented.

Disaster Recovery plan has been developed for the new IllinoisConnect (CCWIS) solution.

25. Auditors recommend the Department enforce the existing policies regarding timely completion of performance evaluations.

FINDING: *(Employee Performance Evaluations Not Performed) – This finding has been repeated since FY07-08.*

The Department of Children and Family Services (Department) did not complete or conduct annual performance evaluations on a timely basis.

Upon examination of 60 personnel files, auditors noted the Department did not complete performance evaluations for 13 (22%) employees during fiscal year 2021 and 12 (20%) employees during fiscal year 2022.

Personnel rules issued by the Illinois Department of Central Management Services (80 Ill. Admin. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less than annually. Annual evaluations support administrative personnel decisions by documenting regular performance measures.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2008. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management indicated, as it did previously, monthly notifications are provided to each respective supervisor and their chain of command with the notification of three timeframes for evaluations. The Department also 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.

Employee performance evaluations are an effective management tool for helping employees work toward common goals. Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The agency continues to send out monthly notifications to each respective supervisor and their chain of command with three timeframes (overdue, due, coming due). At the end of the fiscal year management encourages managers to complete evaluations by sending an email for all

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overdue evaluations, promotions and discipline. The completion of an updated evaluation is required for a cost-of-living increase to be given to merit compensation staff by end of fiscal year. The Office of Employee Services will continue to remind managers in meetings and ask the Office of Communications to post an announcement quarterly regarding completion of evaluations and the impact to the organization.

UPDATED RESPONSE:

Implemented.

The Department continues to send out monthly notifications to each respective supervisor and their chain of command with three timeframes (overdue, due, coming due). At the end of the fiscal year management encourages managers to complete evaluations with an overall email for all overdue evaluations as well as during promotions and disciplines. The completion of an updated evaluation is required for a cost-of-living increase to be given to merit compensation staff by end of fiscal year. The Office of Employee Services will continue to remind managers in meetings and ask the Office of Communications to send out an announcement quarterly regarding completion of evaluations and the impact to the organization.

- 26. Auditors recommend the Department establish and implement monitoring procedures to ensure each employee timely completes the annual trainings as required by various laws and regulations.**

FINDING: *(Inadequate Controls Over Employee Training Programs) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services (Department) did not maintain internal controls to ensure employees completed the required training programs or to ensure they were completed in a timely manner.

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

- Three of 10 (30%) employees hired during fiscal year 2021 completed the initial ethics and harassment and discrimination prevention training programs 8 to 168 days late.
- One of 5 (20%) employees hired during fiscal year 2022 completed initial ethics and harassment and discrimination prevention training programs 77 days late.
- Four of 45 (9%) employees did not complete the ethics and harassment and discrimination prevention training programs during fiscal year 2021.

The State Officials and Employees Act (Act) (5 ILCS 430/5-10 thru 5 ILCS 430/5- 10.5) requires each officer, member, and employee to the ethics training program and harassment and discrimination prevention training program annually. In addition, the Act (5 ILCS 430/5-10 through 5 ILCS 430/5-10.5) requires an employee newly hired or appointed a position to complete an initial ethics training and harassment and

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discrimination prevention training within 30 days after commencement of their office or employment.

Department management indicated employees failed to comply with notices to perform the training.

Failure to complete or timely complete the ethics training may result in employees not being made aware of specific ethical requirements. Sexual harassment training provides education to allow employer and employee to recognize sexual harassment and understand their rights and responsibilities.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department continues to improve its internal processes to ensure timely completion of employees Ethics Training and Sexual Harassment Prevention and Discrimination training by including them as part of the agency-wide onboarding process for new employees, and by establishing a strategic reminder process for current employees and supervisors about their training compliance status, which is monitored throughout the year. To ensure that new employees complete their required trainings with 30 days of employment, employees are advised of this requirement during their onboarding. Once their employment begins, DoIT@DCFS issues the employee training portal ("OneNet") credentials, enabling them access to the portal to complete trainings electronically. Through the administrative report functions of the training portal, the Department can monitor training completion data in real time.

A hurdle new employees may face in successfully completing online training within 30 days of employment relates to routine delays in issuing a new employee's OneNet account, which is the only way to complete training electronically. These delays have resulted in employees being employed for longer than 30 days without receiving their credentials. Likewise, when employees leave DCFS there has not been a consistent process for deactivating their OneNet accounts. This results in the Ethics Office receiving data that indicates an employee has not completed training when in fact they are no longer employed at DCFS. The Ethics Office continues to work with the Office of Employee Services and DoIT@DCFS to streamline this process and assign specific responsibilities to ensure timely electronic training access for new employees.

As a result of these collaborative efforts, training compliance has improved significantly and for calendar year 2023 and the Department is currently at 94 and 95% employee training compliance for ethics and sexual harassment discrimination prevention training, respectively.

UPDATED RESPONSE:

Partially Implemented.

DCFS continues to improve its internal processes to ensure that all new employees complete Ethics Training and Sexual Harassment Prevention and Discrimination training within 30 days of starting employment, and that every employee complete both trainings annually. Beginning in June 2023, a DCFS staff position was specifically dedicated to

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assist the Ethics Officer in monitoring ethics training compliance. Additionally, the Ethics Office is collaborating with the Office of Employee Services in a targeted effort to improve training compliance for new hires.

- 27. Auditors recommend the Department strengthen its internal controls over timekeeping to ensure timesheets are completed, timely approved, and retained. They also recommend the Department ensure employees' overtime hours, benefit time usage, and leave of absences are properly approved.**

FINDING: *(Inadequate Internal Controls Over Employee Timesheets) - New*

The Department of Children and Family Services (Department) did not maintain adequate internal controls over its employees' time reporting.

While performing tests of employees' time reporting, auditors selected a sample of 60 employees and noted the following exceptions:

- Eleven of 60 (18%) timesheets were not approved by the employee's direct supervisor.
- Three of 60 (5%) timesheets were not timely approved by the employee's direct supervisor. Specifically, the timesheets were approved 33 to 114 days from the last date of the pay period.
- Five of 49 (10%) employees with benefit time usage were not approved by the employee's direct supervisor.
- Five of 29 (17%) employees with overtime hours were not approved by the employee's direct supervisor.
- One of 60 (2%) timesheets could not be located by the Department. As a result, auditors could not perform testing.

In addition, during the test of employees' leave of absences, auditors noted leave of absences for 2 of 15 (13%) employees sampled were not properly approved by their direct supervisor.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Further, according to the Department Employee Handbook, Chapter 2, employees must submit an Employee Request Form for Use of Benefit Time (CFS-728) to correspond with the absence noted on the daily timesheet. Employees are also required to request the use of the benefit time on the CFS-728 and to submit it reasonably in advance of the date(s) to be used. Supervisors are required to approve the CFS-728. In addition, Chapter 2, Section 6, of the Department Employee Handbook states, in order to earn overtime, employees must submit a completed Overtime or Compensatory Time Request Form

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(CFS-734) to their supervisor and that overtime must be approved by the supervisor in advance before compensation will be authorized, except as otherwise provided in supplemental agreements.

Department management stated these exceptions were due to human error and the limitations of keeping a complete file record for the paper-based overtime approval and timesheet process.

Failure to obtain proper approval of overtime may cause an employee to be compensated for overtime hours that were not actually performed or warranted. In addition, failure to obtain and retain adequate documentation of timely supervisors' approval for timesheets and benefit time usage may lead to inaccuracies on employee's benefit time balances and reported compensated balance totals recorded in the Department's and the Statewide financial statements. Furthermore, failure to ensure all employees comply with time reporting requirements results in noncompliance with the Department's Employee Handbook. Finally, failure to retain timesheets of all employees' time hindered their ability to perform testing.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's findings. The Department now conducts in person timekeeper training on a regular basis for new timekeepers throughout the state. Within a day of training, timekeepers receive a follow-up to recap what was discussed in the training, as well as provide them with the Timekeeping Calendar so they are aware of all important dates and deadlines. In addition, the Department sends out time sheet instructions to employees, timekeepers and supervisors as problems are identified to ensure they are being corrected. The Department also now screens timesheets headed for archiving, sending requests to timekeepers and supervisors when errors are noted, or signatures are missing. The Department will be transitioning to a new HCM Timekeeping system that will resolve many of the issues listed in the finding, especially supervisor approvals which will be done on the front end.

UPDATED RESPONSE:

Partially Implemented.

The Office of Employee Services has conducted in-person timekeeping trainings and communicates directly with employees who are having issues with timekeeping and resends timekeeping directions. The new HCM Timekeeping System will assist with the final cleanup since forms will be digital and the appropriate approvals will be built into the system logic.

- 28. Auditors recommend the Department review and strengthen its internal controls over monitoring its fleet to ensure State vehicles receive timely and proper maintenance in accordance with State laws and regulations.**

FINDING: *(Inadequate Internal Controls Over State Vehicle Maintenance) - New*

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The Department of Children and Family Services (Department) did not maintain adequate internal controls to ensure its vehicles were properly maintained.

During the review of maintenance records for six vehicles, auditors noted the following:

- Five vehicles (83%) did not receive vehicle maintenance (oil change and tire rotation) on scheduled intervals. Department records showed the State vehicles were driven 118 to 1,052 miles more than allowed by the maintenance policy before the required oil change or tire rotation maintenance was performed.
- Two vehicles (33%) did not undergo an annual inspection in fiscal year 2021.
- Two vehicles (33%) did not undergo an annual inspection in fiscal year 2022.

The Vehicle Guide of the Department of Central Management Services (CMS) requires oil changes every 3,000 miles or 12 months, whichever comes first for passenger vehicles 10 years or older; or every 5,000 miles or 12 months, whichever comes first for 9 years-old and newer passenger vehicles, as well as a tire rotation on all passenger vehicles in conjunction with every second oil change.

In addition, the Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.410(a)) requires the Department to have all of its vehicles undergo an annual inspection by CMS or an authorized vendor.

Department management stated due to retirements, employees working from home, and the lack of Business/Facility Managers in each region this year, some vehicles have not been maintained and serviced properly.

Failure to exercise adequate internal controls over vehicles maintenance could result in the State incurring unnecessary costs and additional repairs to, and shorten useful lives of, its vehicles. Further, it represents noncompliance with Code and CMS Vehicle Usage Program.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department has recently hired a new facilities manager in each region after an unprecedented loss of staff during COVID, which is during this time period of this audit. In each region to assist with car maintenance including timely accident reporting. Vehicles at each field office are closely monitored by an assigned on-site vehicle coordinator who is trained on the proper reporting of any accident of the vehicle located at their facility. The onsite coordinators report to all maintenance to the regional facilities manager; who in turn report to the agency vehicle coordinator for proper reporting to CMS Division of Vehicles within the seven-calendar day reporting requirement. The facilities managers provide next step directions to the coordinator or make and/or arrange for the repair arrangements themselves.

UPDATED RESPONSE: **Implemented.**

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Each region - Northern, Southern, Central, Cook and Springfield now have a Facilities Manager that is responsible for their field and administrative offices. These Facility Managers monitor fleet vehicles within their region to assure oil changes, annual maintenance and repairs are completed within the timeframes of state laws and regulations that this Department receives from CMS to abide by.

- 29. Auditors recommend the Department accurately complete the SERS annual reconciliation process for its active members' census data from its underlying records to a report of the census data submitted to each plan's actuary.**

FINDING: *(Inadequate Internal Controls Over Census Data) – First reported FY19-20, last reported FY21-22*

The Department of Children and Family Services (Department) failed to ensure the pension and other postemployment benefits (OPEB) plans' census data reconciliation was performed accurately.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

Auditors noted the Department's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, they noted these plans have characteristics of different types of pensions and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, auditors noted CMS' actuaries use SERS' census data records to prepare the OPEB actuarial valuation.

During the review of the Department's census data reconciliation, auditors noted 7 (22%) of 32 reconciliation discrepancies tested were noted as discrepancies (i.e., reconciling items) when the original SERS census data was correct. As a result, the Department communicated to SERS that the census data was incorrect and had SERS subsequently update their records with incorrect information. SERS responded it did not update its census data information because SERS believed the data provided to the Department (and the actuary) was correct.

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For employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Also, the State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Department designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department officials indicated the errors with the discrepancies noted during the initial reconciliation were due to employee oversight.

Failure to accurately reconcile active members' census data reported to and held by SERS to the Department's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Payroll Administrator has established communication channels with the Office of Employee Services' Payroll Processor to ensure timely requests and deadlines are adhered.

UPDATED RESPONSE:

Implemented.

DCFS HR and Payroll communicate frequently to ensure deadlines are met. We submitted last year's report ahead of schedule and are working on this year's report now to submit early (due 11/13/23).

- 30. Auditors recommend the Department implement controls to ensure completion of audits of major systems of internal accounting and administrative control at least once every two years.**

FINDING: *(Noncompliance with the Fiscal Control and Internal Auditing Act) - New*

The Department of Children and Family Services' (Department) failed to fully comply with the Fiscal Control and Internal Auditing Act (Act).

During the review of the Department's internal audit activities for fiscal years 2021 and 2022, auditors noted the internal audits of the Department's major system of internal accounting and administrative controls including testing of the obligation, expenditure, receipt and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations were not completed during fiscal years 2021 and 2022. Specifically, the Office of Internal Audit did not audit 3 of the Department's 11 (27%) identified major systems of internal accounting and administrative controls within the two-year cycle. There were three internal audit reports completed and issued during fiscal year 2022 and none in fiscal year 2021.

The Act (30 ILCS 10/2003(a)) requires the internal auditing program to include: (1) a two-year plan, identifying audits scheduled for the pending fiscal year, approved by the chief executive officer before the beginning of the fiscal year; (2) audits of major systems of internal accounting and administrative control to be performed at least once every two years and must include testing of the obligation, expenditure, receipt and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations; and grants received or made by the designated State agency to determine that grants are monitored, administered, and accounted for in accordance with applicable laws and regulations; and (3) reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

Department management stated staffing issues and increased audit liaison responsibilities made it impossible to fully comply with the Act.

The lack of timely internal audits over all major systems inhibits the Department's ability to monitor the effectiveness of its system of internal controls and results in noncompliance with the Act.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. Since the reporting period of this audit and the pandemic, which caused the Department to lose a number of staff for a variety of reasons, the Department has been working to increase headcount across the agency including within the Office of Internal Audit to ensure adequate audit coverage per the Fiscal Control and Internal Auditing Act and guidance found in the Statewide Accounting Management System manual. The Department is pleased to report that our

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headcount is currently the highest it has been in 15 years with 3,200 employees and is working to ensure divisions are adequately staffed.

UPDATED RESPONSE:

Partially Implemented.

Controls, including a two-year audit plan for completing audits of all major systems of internal accounting and administrative control, are in place. Additionally, the Department's Office of Internal Audit hired one auditor since the end of Fiscal Year 2023 and is in the process of hiring one more. Added staffing should enable the required audit coverage.

- 31. Auditors recommend the Department ensure all contracts and agreements are approved and signed before the beginning of the contract or agreement period. They also recommend the Department strengthen controls to ensure contracts are filed with the Office of Comptroller in accordance with the State statutes.**

FINDING: *(Untimely Approval and Filing of Contracts and Interagency Agreements) – This finding has been repeated since FY01-02.*

The Department of Children and Family Services (Department) did not have fully approved contracts prior to commencement of services and did not file the contracts with the Office of Comptroller timely.

During the review of 60 contracts (totaling \$153.8 million), including purchase of care contracts, executed during the two years ended June 30, 2022, auditors noted the following:

- 27 contracts (45%), totaling \$120.4 million, were executed subsequent to the start date of the contract. The contract execution dates ranged from 7 to 167 days after the commencement of service.
- Eight contracts (13%), totaling \$9.0 million, were not timely submitted to the Office of Comptroller. Specifically, these contracts were filed between 4 and 35 days late.

In addition, during the review of nine intergovernmental agreements (totaling \$1.7 million), auditors noted four agreements (44%), totaling \$0.5 million, were executed subsequent to the start date of the agreement. The agreement execution dates ranged from 13 to 345 days after the commencement of service.

As noted in the Department's Code of Regulations (89 Ill. Admin. Code 357.110), "purchase of service providers under contract to the Department must comply with Federal and State laws and regulations and Department rules. When the provider signs the purchase of service contract, this signature shall be the provider's certification of compliance with the applicable laws, regulations, and rules." It is prudent business practice to require contracts to be signed by all parties prior to the commencement of services. In addition, the standard contracts utilized by the Department in procuring these services include the following term: Section 1.3.2: Vendor shall not commence billable

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work in furtherance of the Agreement prior to final execution of the Agreement except where permitted pursuant to 30 ILCS 500/20-80.

The Illinois Procurement Code (Code) (30 ILCS 500/20-80) states whenever a grant, or a contract liability, except for: (1) contracts paid from personal services, or (2) contracts between the State and its employees to defer compensation in accordance with Article 24 of the Code, exceeding \$20,000 is incurred by any State agency, a copy of the contract, purchase order, grant, or lease shall be filed with the Office of Comptroller within 30 calendar days thereafter. Contractors shall not be paid for any supplies that were received or services that were rendered before the contract was reduced to writing and signed by all necessary parties.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2002. In the subsequent years, the Department has been unsuccessful in implementing a corrective action plan.

Department management stated various factors, unique and systemic, resulted in the late filling of Department contracts during the course of the last two fiscal years. A decrease and transition of experienced contract management/analysis workforce, established shortcomings of the existing information and data technology applications and programs, increase in workload responsibilities (that included late in the fiscal year rate changes, based on the Governor's office/State General Assembly's budgetary approval), provider/vendor collaboration with negotiating contract terms, unprecedented new program additions and revisions to existing Department programming, and repercussions of the ongoing COVID-19 pandemic were a few of the causes that resulted in the late execution of some Department contracts.

Failure to obtain approval 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. In addition, failure to file contracts with the Office of Comptroller on a timely basis resulted in noncompliance with State statutes and regulations.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. The Department will continue to review its processes to improve timeliness in the contract approval process and ensure contracts are submitted to the Comptroller timely. The Office of Contract Administration conducted an analysis of its staff to workload ratio and determined that additional headcount was necessary to fulfill its duties; headcount was approved, and the division is working through the hiring process. The Division has also converted the majority of its contract to multi-year contracts which will reduce administrative burden and allow the Department to obligate contracts timely. Further, the Department is revising its internal timelines to expedite the contract process each fiscal year and it is the Departments intent to utilize the Comptroller's pre-filing mechanism.

UPDATED RESPONSE:

Partially Implemented.

729 out of approximately 1,200 contracts have been converted to multi-year. New positions added to the division are progressing in varying stages of the hiring process. The Department intends to use the IOC's prefilling mechanism.

32. Auditors recommend the Department seek a legislative or legal remedy for the utilization of the monies maintained in the Herrick House Fund and Katherine Schaffner Bequest Fund.

FINDING: *(Locally Held Funds Not Properly Invested or Used) - New*

The Department of Children and Family Services' (Department) locally held funds 1207 (Herrick House) and 1117 (Katherine Schaffner Bequest) monies are not being used for a beneficial purpose for the Department.

The Herrick House Fund contained \$13,363 as of June 30, 2022. The fund was opened on March 25, 1983 with money received by the Department from the Circuit Court of the 9th Judicial Circuit, Orange County, Florida, in satisfaction of a last will and testament of an individual's estate. The money was to be used specifically for the Herrick House in Bartlett, Illinois, which no longer exists. During the engagement period, Herrick House monies were maintained solely in a money market account. The monies are not being used or actively invested. For fiscal years 2021 and 2022, the account earned less than \$1 per month each year. There was no other activity in this account during fiscal years 2021 and 2022.

The Katherine Schaffner Bequest Fund (1117) contained \$845,009 as of June 30, 2022. During the engagement period, the Katherine Schaffner Bequest monies were maintained in an Institutional Asset Management account. While the monies are being invested and earning a positive rate of return, the monies are not being used for any beneficial purpose for the Department. There was no activity in this account other than interest deposits during fiscal years 2021 and 2022. According to the Department, a bequest of \$91,000 from the Katherine F. Schaffner Trust was received by the Department in December 1980 to be used exclusively for the use and benefit of the Herrick House's Children's Center. Because Herrick House no longer exists, the money has been held in the accounts until dissolution is decided.

The Illinois Public Funds Investment Act (30 ILCS 235) requires that public funds be prudently invested. Good business practice necessitates the funds be used for beneficial purposes.

Department management stated both funds are restricted in their use due to specifications of donor requests. Department management stated the home these funds were entrusted to the Department to support has been closed and the Department was not given authority to use the funds in other capacities.

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The current inactivity of the Herrick House Fund and the Katherine Schaffner Bequest Fund represents funds that potentially could be used for other Department purposes, should proper dissolution be decided.

DEPARTMENT RESPONSE:

The Department agrees with the auditor's recommendation. Due to the age of the original bequest for these funds, documentation to dissolve the fund cannot be located. The Department has had conversations with the Attorney General's office for assistance and will continue to work with them to seek a resolution to resolve this finding in order to utilize these funds to the benefit of the State of Illinois.

UPDATED RESPONSE:

Under Study.

No Change

- 33. Auditors recommend the Department review the requirements of the Act and ensure all information required therein is made available online at such times and frequencies as prescribed. They also recommend the Department work with its asset management company to obtain monthly reports which provide the required information mandated by the Act.**

FINDING: *(Noncompliance with Accountability for the Investment of Public Funds Act) - New*

The Department of Children and Family Services (Department) did not fully comply with the requirements of the Accountability for the Investment of Public Funds Act (Act) in its posting of information concerning monies held outside of the State Treasury.

The Department's monthly online posting of information concerning investment of public funds appeared on a page on the Department's website with the title "Investment of Public Funds Reporting." During their sample testing of eight monthly reports, auditors noted the following:

- Two of eight (25%) monthly reports did not report the balances as of the last day of the month or the average daily balance of the preceding month.
- Eight of eight (100%) monthly reports did not contain the total monthly investment income and yield.
- Eight of eight (100%) monthly reports did not report the asset allocation of the investments made.
- Two of eight (25%) monthly reports were not posted by the 15th day of the following month. Specifically, the reports were posted one and four days late.

The Act (30 ILCS 237/10) requires the Department to make "sufficient information concerning the investment of any public funds" available on the Internet and updated by the 15th of each month. Furthermore, the reports are to identify the amount of funds held by the Department on the last day of the month or the average daily balance of the

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preceding month, total monthly investment income, the asset allocation of the investments made by the agency and a complete listing of institutions approved to do business with the Department.

Department management stated these reporting requirements are included in the procedures of the Department, but lack of timely reporting was due to oversight. In addition, Department management stated certain information required by the Act, such as the balances as of the last day of the month, average daily balance of the preceding month, the asset allocation of the investments and total monthly investment income, is not available to the Department from the asset management company.

Failure to publish online all required information related to the investment of public funds denies the public information concerning the balances held by the Department and is noncompliance with the Act.

DEPARTMENT RESPONSE:

The Department agrees with and has implemented the auditor's recommendation. The Department worked with its investment company to receive information monthly to report required information per the Act and has conducted training with staff to ensure they understand the time requirements.

UPDATED RESPONSE:

Implemented.

No Change

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 five 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 a statement with the Procurement Policy Board and the Auditor General 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.

DCFS had no emergency purchases during the audit period.

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 its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of July 2022, the Department had 0 employees assigned to locations others than official headquarters.