

STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN  
AND FAMILY SERVICES

Compliance Examination

For the Year Ended June 30, 2007

Performed as Special Assistant Auditors for  
the Auditor General, State of Illinois

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2007**

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A separate financial audit report for the year ended June 30, 2007, has been issued under separate cover.

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Department Officials  
Year Ended June 30, 2007**

Director	Mr. Bryan Samuels (July 1, 2006 through November 17, 2006) Mr. Erwin McEwen, Acting (November 17, 2006 through December 5, 2007) Mr. Erwin McEwen (December 5, 2007 through current)
Chief of Staff	Mr. Tom Berkshire (July 1, 2006 through May 9, 2007) Mr. Roman Moore III (May 9, 2007 through October 17, 2007) Ms. Robbin Staggers (October 17, 2007 through current)
Deputy Director and Chief Financial Officer	Ms. Barbara Piwowarski (July 1, 2006 through January 8, 2008) Mr. Andy Brown, Acting (January 29, 2008 through April 21, 2008) Mr. Matthew Grady III (April 21, 2008 through current)
Chief Legal Counsel	Ms. Elizabeth Yore (July 1, 2006 through November 15, 2006) Ms. Dixie Peterson, Acting (December 19, 2006 through February 29, 2008) Ms. Dixie Peterson (February 29, 2008 through current)

Department administrative offices are located at:

406 East Monroe  
Springfield, IL 62701

Rod R. Blagojevich  
Governor



Erwin McEwen  
Director

Illinois Department of Children & Family Services

MANAGEMENT ASSERTION LETTER

May 7, 2008

Sleeper, Disbrow, Morrison, Tarro & Lively, LLC  
Suite 501, 250 N. Water St.  
Decatur, IL 62523

Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the period ended June 30, 2007. Based on this evaluation, we assert that during the year ended June 30, 2007, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

406 E. Monroe Street • Springfield, Illinois 62701  
312/814-6800 Chicago • 217-785-5509 Springfield



E. Money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

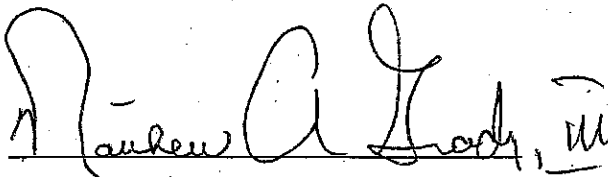
Yours very truly,

Illinois Department of Children and Family Services



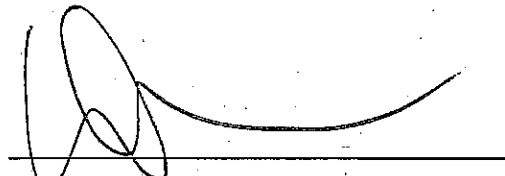
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Erwin McEwen, Director



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Matthew Grady III, Chief Fiscal Officer



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Dixie Peterson, General Counsel

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Compliance Report  
Summary  
For the Year Ended June 30, 2007**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**AUDITORS' REPORTS**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Compliance</u>	<u>Financial</u>	<u>Prior</u>
<u>Findings</u>	<u>Report</u>	<u>Report</u>	<u>Compliance</u>
<u>Repeated findings</u>	<u>Report</u>	<u>Report</u>	<u>Report</u>
Prior recommendations implemented	9	0	12
or not repeated	8	0	10
	4	0	4

Details of findings are presented in a separately tabbed report section.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
07-1	10	Child Welfare Files
07-2	13	Child Abuse and Neglect Determinations
07-3	15	Initiation of Child Abuse and Neglect Investigations
07-4	17	Untimely Approval of Vouchers
07-5	18	Untimely Approval of Contracts
07-6	20	Interstate Adoption Agreements
07-7	21	Telecommunication Charges Review
07-8	22	Contract Monitoring
07-9	23	Overpayment of Telecommunications Billings

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
07-10	25	Approval of Overtime
07-11	25	Employee Performance Evaluations
07-12	25	Noncompliance and Inadequate Internal Controls – Children’s Trust Fund
07-13	26	Federal Reimbursements not Requested Timely

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on April 22, 2008. Responses to the recommendations were provided by Erwin McEwen, Director in correspondence dated April 23 and May 7, 2008.

Attending the exit conference were:

Department of Children and Family Services

Erwin McEwen, Director  
Matthew Grady III, Deputy Director – Budget and Finance  
Arthur Bishop, Deputy Director – Operations  
Miller Anderson, Deputy Director – Monitoring and Quality Assurance  
Ray Piiparinen, Financial Analyst  
Andrew Brown, Budget Implementation Manager  
Carol Radwine, P.S.A. – Financial Management

Sleeper, Disbrow, Morrison, Tarro & Lively, LLC

Thomas K. Leach, Partner  
Sara Moody, Staff Accountant

Office of the Auditor General

Karen Appelbaum, Manager

# SLEEPER, DISBROW, MORRISON, TARRO & LIVELY, LLC

ROBERT A. DISBROW, C.P.A.  
THOMAS K. LEACH, C.P.A.  
WAYNE K. LIVELY, C.P.A.  
STEPHEN M. PAYTON, C.P.A.  
RICHARD B. TARRO, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS  
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MEMBERS  
ILLINOIS C.P.A. SOCIETY  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

### Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Children and Family Services' compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2007. The management of the State of Illinois, Department of Children and Family Services is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Children and Family Services' compliance based on our examination.

- A. The State of Illinois, Department of Children and Family Services has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Children and Family Services has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Department of Children and Family Services has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Department of Children and Family Services are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.



- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Children and Family Services on behalf of the State or held in trust by the State of Illinois, Department of Children and Family Services have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Children and Family Services' compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Children and Family Services' compliance with specified requirements.

In our opinion, the State of Illinois, Department of Children and Family Services complied, in all material respects, with the requirements listed in the first paragraph of this report during the year ended June 30, 2007. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 07-1 through 07-9.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your Office.

### **Internal Control**

The management of the State of Illinois, Department of Children and Family Services is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Department of Children and Family Services' internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Children and Family Services' internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Children and Family Services' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control

deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as findings 07-1, 07-2, 07-3, 07-4, 07-5, 07-7, 07-8 and 07-9 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Additionally, the results of our procedures disclosed other matters involving internal control over compliance, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as finding 07-6.

The State of Illinois, Department of Children and Family Services' response to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Department of Children and Family Services' response and, accordingly, we express no opinion on it.

#### **Supplementary Information for State Compliance Purposes**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Children and Family Services as of and for the year ended June 30, 2007, which collectively comprise the State of Illinois, Department of Children and Family Services' basic financial statements, and have issued our report thereon dated May 7, 2008. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the State of Illinois, Department of Children and Family Services. The 2007 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2007, taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, the State of Illinois, Department of Children and Family Services' basic financial statements for the year ended June 30, 2006. In our report dated December 15, 2006, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2006 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2006, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management and is not intended to be and should not be used by anyone other than these specified parties.

*Sleeper, Disbrow, Morrison, Tarró & Lively, LLC*

May 7, 2008

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**CURRENT FINDINGS - STATE COMPLIANCE  
For the Year Ended June 30, 2007**

07-1. Child Welfare Files:

Finding: The Department's Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely.

During our review of case files, we noted the following required documentation was not maintained in the file or was not prepared timely. Our sample consisted of 30 child welfare case files and 30 family case files. The case files deficiency percentiles are based upon their respective sample sizes. For example, both child welfare files as well as family files are required to have Administrative Case Reviews performed and investigative services provided, therefore the percentage of deficiency pertaining to the Administrative Case Reviews, Registration Case Opening, Worker Activity Summaries, Client Contact Summaries, Family Assessment Factor Worksheets, and Safety Determination Forms are based upon a sample of 60 cases reviewed. The child specific case files deficiencies only pertain to the child welfare case files and are therefore based on a sample of 30 files. These deficiencies include Medical & Dental Consent Forms, Initial Placement Checklists, Permanency Planning Checklists, Placement & Payment Authorization Forms, Pictures, and Fingerprints.

<u>Case File Deficiency</u>	<u>Case File Requirement</u>	<u>Authority</u>
Three (5%) required administrative case reviews (ACR's) were not performed.	ACR's by a trained professional that is not involved in the case management or delivery of services to the child must be performed every 6 months.	89 IL Admin Code 316.40; DCFS Administrative Procedure #5, Child Welfare Case Record Organization and Uniform Recording Requirements.
Five (8%) ACR notifications were sent 1-10 days in advance. Five (8%) ACR notifications were sent 11-20 days in advance. One (2%) ACR notification was not sent at all.	Notification of ACR should be mailed to all parties involved, or interested, 21 days in advance.	89 IL Admin Code 316.60; DCFS Administrative Procedure #5
Four (7%) Registration & Case Opening Forms (CFS 1410) were not completed by investigators.	Investigative staff collects all investigation information on the CFS 1410 prior to the case being forwarded to child welfare staff.	DCFS Administrative Procedure #5
Two (3%) Worker Activity Summaries (CFS 1440a) were not completed.	When child welfare staff are engaged in assessment activities the CFS 1440a is to be completed to indicate what actions have been taken in the investigation.	DCFS Administrative Procedure #5
Two (3%) Client Contact Summaries (CFS 1440b) were not completed.	When child welfare staff are engaged in assessment activities the CFS 1440b is to be completed to indicate what contacts have been made during the investigation process.	DCFS Administrative Procedure #5

One (2%) Family Assessment Factor Worksheet (CFS 1440) was not completed.	Child welfare staff are to record preliminary activities and all dispositions on the CFS 1440.	DCFS Administrative Procedure #5
One (2%) Safety Determination Form (CFS 1441) was not completed.	When child welfare staff are engaged in assessment activities the CFS 1441 is required to be completed to determine what decisions have been made throughout the investigation as well as prior to each case review to determine what risk factors still remain.	DCFS Administrative Procedure #5
Eleven (37%) Medical & Dental Consent Forms (CFS 415) were not completed and/or were outdated.	Form CFS 415 must be maintained in the case file to provide for consent of ordinary and routine medical and dental care. This form is required to be updated annually.	DCFS Administrative Procedure #5
Two (7%) Initial Placement Checklists (CFS 418-J) were not completed.	Form CFS 418-J must be maintained for all children placed in substitute care. The form documents any special needs of the child.	DCFS Policy Guide 2002.07
Sixteen (53%) Permanency Planning Checklists (CFS 483) were not completed and maintained in the case files.	Form CFS 483 must be completed when determining the permanency goal for each child placed in substitute care for over one year.	DCFS Policy Guide 97.3
One (3%) Placement & Payment Authorization Form (CFS 906) was not maintained in the case file.	Form CFS 906 must be completed and maintained in the case file and should include information concerning the child's placement status and other information critical to payment and approval documentation.	DCFS Administrative Procedure #5
Six (20%) children's pictures were not maintained in the case files.	Each case file must include a current photograph of the child for whom care is being provided.	DCFS Administrative Procedure #5
Twenty-eight (93%) children's fingerprints were not maintained in the case files.	Each case file must include the child's fingerprint.	DCFS Administrative Procedure #5

Department officials indicated that the Department was unable to fulfill case file reporting requirements because of the high volume of cases assigned to the case workers. Department officials also indicated that the Department currently does not have a contract with anyone who can provide fingerprinting services, resulting in the lack of fingerprints being maintained in the child welfare case files.

The failure to follow established Department procedures, regulations and State law concerning the welfare of children could result in inadequate care, unauthorized services or misuse of State funds. (Finding Code No. 07-1, 06-1, 05-3, 04-2, 03-1, 02-2, 00-10, 99-5, and 98-6)

**Recommendation:** We recommend the Department continue in its efforts to develop ways to automate various recordkeeping functions and that the Department follow the procedures established concerning the welfare of children. The fulfillment of those procedures should be adequately documented.

Department Response: The Department agrees and will continue to stress the importance of adequate and timely documentation for those cases identified in the auditors' finding as well as for all child and family cases. The Department will continue its review of its administrative and internal procedures (AP#5) and policy guides, as systems are upgraded, to better define the contents of system files and paper files and which should be relied upon as the file of record.

To address the deficiencies in the areas of Medical & Dental Consent forms, Initial Placement Checklists, Permanency Planning Checklists and Placement & Payment Authorization Forms, the Department has implemented regular monitoring systems in each region. Regional managers have been given the responsibility to implement a monitoring/review process that will ensure that the above referenced documents are current and in each case file. The status of this monitoring process will be discussed in weekly meetings with Regional Administrators and quarterly meetings with all supervisors/managers.

To address the deficiencies in current photographs and fingerprints, the Department has contracted with a new vendor, Accurate Biometrics, effective October 18, 2007.

In July 2007, the fingerprints and photograph process was piloted in Cook County where 191 children were printed and photographed. On November 1, 2007, Accurate Biometrics began photographing and fingerprinting throughout the state. Between November 1, 2007 and April 1, 2008 a total of 2,627 children have been printed and photographed. Since the initiation of the contract and Pilot a total of 2,818 children have been printed and photographed.

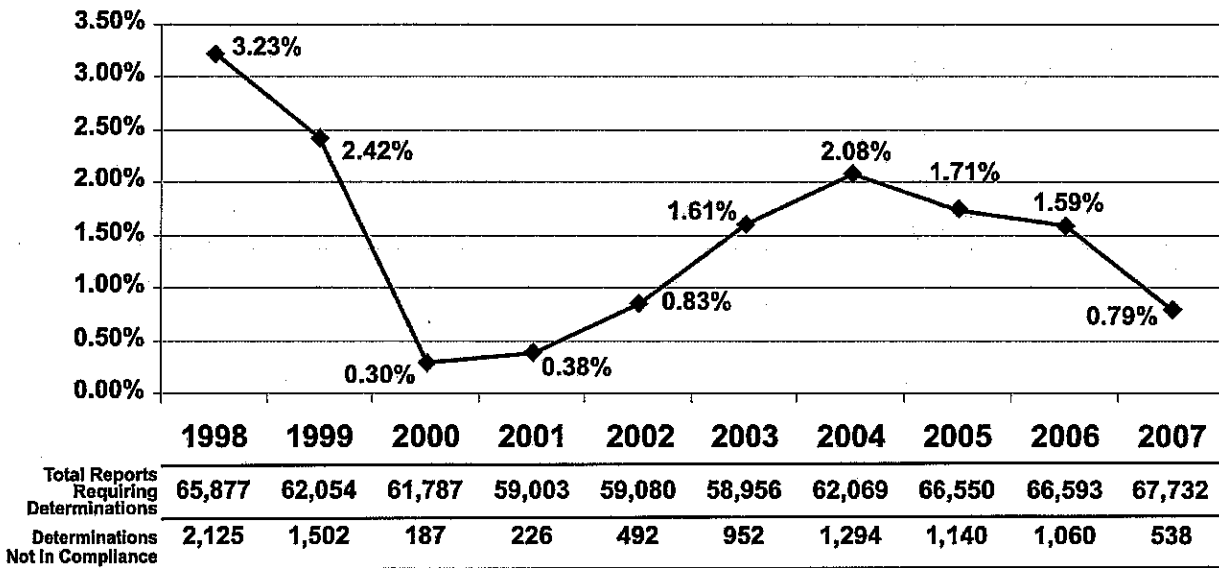
To address the need to develop ways to automate various recordkeeping functions and procedures concerning the welfare of children, the department is in the process of implementing an electronic health passport system. Department staff currently use a variety of internal and external sources to identify medical conditions of DCFS children and youth in care and track compliance with well-being indicators (e.g. immunizations, health examinations, dental, vision and hearing screenings, etc).

07-2. Child Abuse and Neglect Determinations:

**Finding:** The Department did not make timely determinations, in 538 of the 67,732 (.79%) reports of child abuse and neglect referred to the Department, of whether the reports were “indicated” or “unfounded” as required by the Abused and Neglected Child Reporting Act.

The Abused and Neglected Child Reporting Act (325 ILCS 5/7.12) states the Child Protective Service Unit shall determine, within 60 days, whether a report is “unfounded” or “indicated”. 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 are limited to the following circumstances (89 Ill Admin. Code 300.110): a) State’s attorneys or law enforcement officials have requested that the Department delay making a determination due to a pending criminal investigation b) medical or autopsy reports needed to make a determination are still pending after the initial 60 day period c) 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 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:



Department personnel stated that the inability to locate individuals critical to the investigation has prevented the timely completion of investigations. Also, in some instances the caseworkers failed to request an extension when permitted.

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. (Finding Code No. 07-2, 06-2, 05-4, 04-5, 03-2, 02-3, 00-8, 99-11 and 98-10)

**Recommendation:** We recommend the Department determine reports of child abuse or neglect in compliance with the time frame mandated by the Abused and Neglected Child Reporting Act.

Department Response: The Department will continue to make diligent efforts to improve on the 99.21% FY07 compliance rate and reach 100% compliance with the timeframe set forth in ANCRA for making final determinations. The ongoing focus of the Department is to develop opportunities and strategies to maintain our compliance of timely completions of investigative reports per the Abused and Neglected Child Reporting Act (ANCRA). Child Protection Investigators are procedurally required to:

- Coordinate with law enforcement on serious cases.
- Obtain medical and or coroner results prior to closing a case.

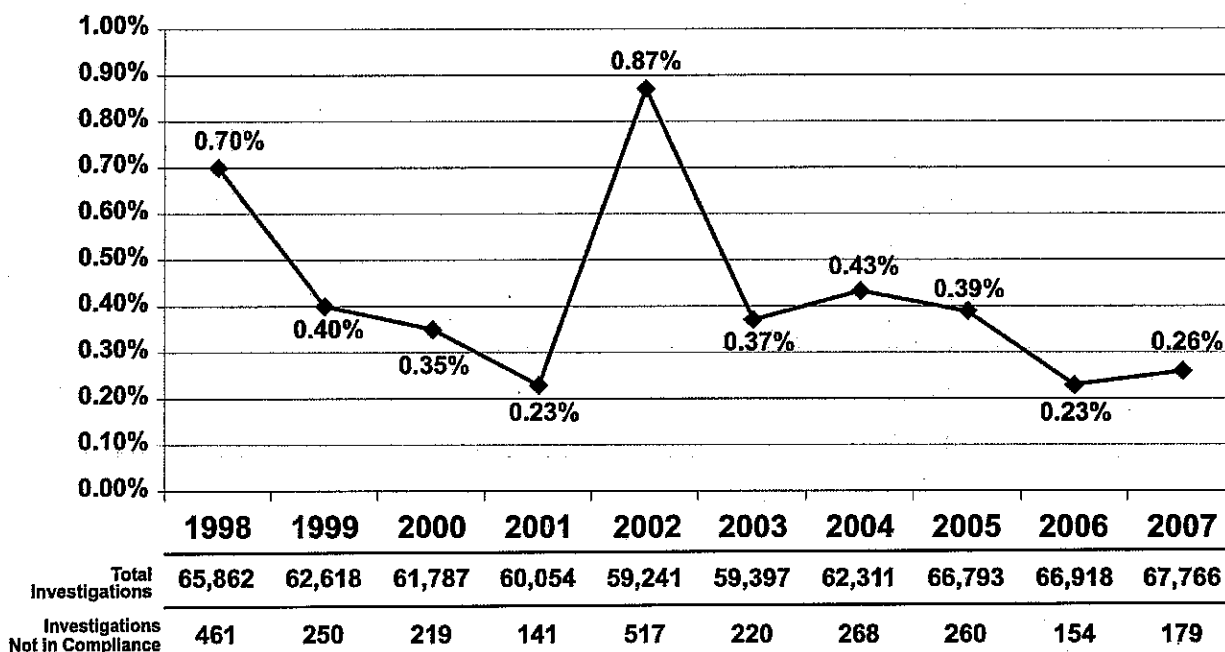
Critical vacancies also play a sufficient role, when a team has 50% or more vacancies there are delays in the disposing the investigation in 60 days. The Division of Child Protection is currently monitoring these cases weekly and developing action plans to get them completed. We are utilizing ongoing recruitment and filling vacancies.



07-3. Initiation of Child Abuse and Neglect Investigations:

**Finding:** The Department did not timely initiate an investigation for 179 of the 67,766 (.26%) reports of child abuse and neglect in Fiscal Year 2007.

The Abused and Neglected Child Reporting Act (325 ILCS 5/7.4(b)(2)) (Act) 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 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:



According to Department personnel, noncompliance occurs for the following reasons:

- Staff recording the wrong initiation date (A.M. instead of P.M.); and
- Law enforcement requests due to criminal investigations.

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. (Finding Code No. 07-3, 06-3, 05-5, 04-6, 03-3, 02-4, 00-7, 99-10, 98-9).

**Recommendation:** We recommend the Department continue to strive to initiate investigations of all child abuse and neglect reports within 24 hours of receiving the report as mandated by the Abused and Neglected Child Reporting Act.

Department Response: The Department will continue to make efforts to reach 100% compliance with the statute. It is always the Department's focus to initiate reports in 24hours. There are three situations where non-compliance would occur: computer system malfunction, data entry error of the initiation date and time, and worker performance errors.

If there is a computer system malfunction, we quickly identify that it is a system design problem and work with SACWIS to correct the problem so it will not be repeated. The data error of the initiation date and time includes situations where an AM was entered and it should have been PM and vice versa; and where after hours initiation of a Good Faith Attempt by an after hours worker who did not enter their information before the primary worker enters their in-person contact. Worker performance errors are situations in which the assigned worker has not made an attempt or an in person contact with the alleged victim within the 24 hour timeframe. Corrective action is taken with the employee responsible for the non-compliance and is progressive.

07-4. Untimely Approval of Vouchers:

Finding: The Department did not adequately approve and process all vouchers in a timely manner.

We examined 256 vouchers and noted the following:

- 7 vouchers, 2.73%, were not approved or denied within 30 days of receiving the vendor invoice (approvals range from 4 to 241 days after receipt of the invoice) and
- 6 vouchers, 2.34%, were not paid within sixty days of receipt of the vendor invoice.

The Illinois Administrative Code (74 IL Adm. Code 900.70) states the Department shall review in a timely manner each bill after its receipt to determine if the bill is a proper bill. The Department shall approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt. If a vendor bill is approved, in whole or in part, after the required 30 day period to approve or deny bills, late payment interest shall be due for the approved portion of the bill if the date of payment is not within 60 days after receipt of the proper bill or part of the bill.

Department officials indicated the failure to meet these requirements resulted from the high volume of vouchers received each day at the Department.

Failure to adequately approve or process vouchers in a timely manner could result in the misappropriation of State funds and interest penalties. During fiscal year 2007, the Department paid \$20,213 in interest on late payments to vendors. (Finding Code No. 07-4, 06-4, 05-6, 04-3)

Recommendation: We recommend the Department adequately review, approve and process all vouchers in a timely manner.

Department Response: The Department agrees that all vouchers received should be adequately reviewed, approved, and processed in a timely manner. We will continue to review our invoice processing procedures, by Unit, to ensure that invoices are approved in a timely manner and, where necessary, make changes in the procedures.

07-5. Untimely Approval of Contracts:

Finding: The Department did not have an adequate system in place to ensure that contracts are reviewed and signed on a timely basis.

During our review of 21 contracts, totaling \$48,748,149, we noted that 19 contracts, totaling \$41,916,965, were signed after the commencement of the contract period. These contracts were not timely approved, as follows:

<u>Number of Contracts</u>	<u>Number of Days Delayed</u>
11	1-30
5	31-60
1	61-90
2	Over 90

As noted in the Department of Children and Family Services Code of Regulations (89 Illinois Administrative 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." Furthermore, it is prudent business practice to require contracts to be signed prior to the commencement of services or the procurement of goods.

Department personnel have reviewed procedures and contract language in order to develop processes that will allow compliance with applicable rules, and changes have been made to procedures for developing and processing contracts to enable timely service delivery dates. The Department continued to have difficulty in obtaining signed contracts from vendors prior to service delivery dates. The Department has made an improvement in the timeliness of late contracts.

Failure to obtain signed contracts before the beginning of the contract period does not bind the contractor to comply with applicable laws, regulations, and rules and may result in improper and unauthorized payments. (Finding Code No. 07-5, 06-05, 05-7, 04-7, 03-5, 02-7)

Recommendation: We recommend the Department continue in its efforts to ensure all contracts are approved and signed before the beginning of the contract period.

Department Response: We will continue our efforts to ensure that all contracts are signed and approved before the contract period. We will also continue existing procedures that do not authorize payments to be made under these contracts until the agreements are fully signed and in place.

At the beginning of FY08 we mailed a reminder to all of our contracted vendors indicating that existing State of Illinois rules required timely execution of contracts before payments could be authorized. We cited Section 1.2060 of Title 44 of the Illinois Administrative Code, Subtitle A, Ch. 1., Part 1a) Standard Procurement; State of Illinois Office of the Comptroller Procedure 15.20.30; and 30 ILCS 500/20-80 (d) (Illinois Procurement Code).

We will continue to remind our vendors of this requirement as well as inform and encourage our management staff to adhere to this requirement before initiating contractual services before they are committed to writing and properly executed. In addition, we conducted a detailed review of the nineteen contracts referenced in the finding to determine where changes, if any, might be made to our processing procedures. None of the nineteen were Professional or Artistic Contracts; the nineteen all fall under Purchase of Care or other services. Two of the agreements were bid services with award notices made prior to delivery of service which is considered the effective date of the agreement.

07-6. Interstate Adoption Agreements:

Finding: The Department does not annually verify that adoption assistance agreements for children who are subject to agreements with another state are still in force or have been renewed.

The Interstate Compact on Adoption Act (45 ILCS 17/5-35) provides that a child with special needs who resides in Illinois and who is the subject of an adoption assistance agreement with another state shall be eligible for medical assistance from this state upon the filing of agreed documentation with the Illinois Department of Healthcare and Family Services, formerly known as the Department of Public Aid. The Act requires DCFS to at least annually establish that the agreement is still in force or has been renewed.

According to DCFS management, the Department of Human Services (DHS) monitors the children's status, has a database established to monitor the day-to-day activities and annually verifies that the approximately 1,200 adoption assistance agreements are still in force for each child; however, the Interstate Compact office within DCFS does not. DCFS management also stated that they attempted to initiate legislation to remove the mandate in the FY07 spring legislative session, but it was not selected for inclusion in legislation during that session.

The Department has not complied with the Interstate Compact on Adoption Act. (Finding Code No. 07-6, 06-6, 05-8, 04-8 and 03-6)

Recommendation: We recommend the Department establish a tracking system and annually verify that adoption assistance agreements are still in force or have been renewed or continue in its effort to seek a legislative change to the Act to allow DHS to perform this function.

Department Response: The Department agrees that the DCFS Interstate Compact office is not currently tracking each of the agreements. However, we believe the State is in compliance with the spirit of the Interstate Compact on Adoption Act (45 ILCS 17/5-35). While DCFS is not currently tracking the agreements, and never has, the Department of Human Services (DHS) has been performing this function for the last several years. The Department agrees that the mandate appears to be out of date and is seeking to initiate legislation to modify the mandate.

07-7. Telecommunications Charges Review:

Finding: Department personnel did not properly review and approve all telephone charges on the telephone bills received and paid by the Department.

During our review of telecommunication expenditures, we tested a sample of 25 invoice vouchers. Although all invoice vouchers were signed by the division head, we noted that 9 of 25 invoices (36%) had no indication of being reviewed by the employee that incurred the charge. The total amount expended for telecommunications during fiscal year 2007 was \$4,009,292.

The Illinois Administrative Code (44 IL Adm. Code Subtitle D, Chapter 1, Part 5030) requires the Department to properly review all telephone bills to guard against telephone abuse. To ensure all phone charges are for official State business, the Department's internal procedures require all telephone charges be reviewed and approved, via the employee's signature on each page of the telephone bill. Each page of the telephone bill is stamped with a place for the employee's approval.

Department officials indicated their failure to properly review the telephone charges was due to a lack of enforcement of informal policies. The Department does not have a detailed written policy enforced in each division to ensure each employee reviews and approves his/her phone charges indicating the charges are in fact "Official State Business."

The failure to adequately review and approve the telephone bills could lead to abuse of State funds. (Finding Code No. 07-7, 06-8, 05-10, 04-13)

Recommendation: We recommend the Department formalize their existing review process in which all telephone bills are to be reviewed and approved by both staff personnel and division heads and then enforce these policies.

Department Response: The Department concurs that the existing review procedures, which are outdated, need to be updated and formalized so as to apply equally throughout the Department. We will review and modify procedures, as technological advancements are implemented by CMS. We understand, based on preliminary information, that pre-auditing of telecommunication charges will be more accessible to DCFS telecommunications staff. DCFS internal procedures will then be changed to adapt to the electronic billings.

#### 07-8. Contract Monitoring:

Finding: The Department's contracts with residential and group home service providers did not all include measurable criteria necessary to ensure desired results are achieved.

The Department's Residential Performance Monitoring Unit (RPMU) conducts on-site monitoring of residential and group home facilities that provide treatment for children. Unannounced site visits of providers are conducted at least once each month. Any deficiencies identified in the site visits are communicated to the Department's Division of Placement and Permanency (DP&P). The DP&P either directs the RPMU to increase the monitoring of the deficient provider, or program consultants are utilized to support and improve the residential program. Although the Department made progress and has incorporated monitoring and participation requirements in many of the program plans associated with residential and group home service provider contracts, there still are older, existing contracts and program plans which do not have specific criteria with which to monitor the services provided.

Department management stated that they are in the process of modifying residential care contracts to include monitoring and participation requirements that have been recommended by the RPMU. In addition, management stated that a senior staff person who was coordinating the effort retired earlier than anticipated.

Good internal control procedures require specific, measurable criteria be established and documented in all contracts with service providers.

The absence or insufficiency of measurable criteria and participation requirements in contracts could lead to disputes with providers and impede the Department's ability to effectively monitor programs to ensure desired results are achieved and funds are spent appropriately. (Finding Code 07-8, 06-10, 05-12, 04-14, and 03-10).

Recommendation: We recommend the Department continue in its efforts to develop and include measurable criteria and participation requirements in its contracts with all residential and group home service providers.

Department Response: The Department agrees and plans to continue its efforts to include measurable criteria and participation requirements in contracts with residential and group home service providers.

In addition, the Department, the Child Care Association of Illinois, and the Child Welfare Institute have formed a public-private partnership that was awarded funding from the National Quality Improvement Center on the Privatization of Child Welfare Services. The partnership project is to design, implement and evaluate extension of the Department's existing performance based contracting and quality assurance system to residential, independent living and transitional living programs in order to improve outcomes for this population of out-of-home care youth. The project worked closely with our university partners at Northwestern, University of Illinois Chicago, and Chapin Hall identifying the data elements that are to be tracked and capitalized on the existing Child Welfare Advisory Committee structure to build existing work regarding performance measures and to allow frequent communication opportunities for the provider community. Model protocols were developed by August 2007 with the demonstration period starting in October 2007 and continuing through June 2008. It is anticipated that full implementation could occur for contracts beginning in July 2008 with forums held in April 2009 and 2010 to assess results and practices.



#### 07-9. Overpayment of Telecommunications Billings:

Finding: The Department made duplicate payments to the Illinois Department of Central Management Services Telecommunications Revolving Fund resulting in an overpayment for telecommunications services.

The Department of Central Management Services (CMS) has reported that the Department of Children and Family Services (DCFS) made duplicate payments during the fiscal year 2007 lapse period for fiscal year 2007 telecommunication services. In addition, DCFS failed to request CMS to apply overpayments from fiscal years 2005 and 2006 to fiscal year 2007 invoices. CMS has estimated that these overpayments totaled approximately \$1.4 million at the end of the 2007 lapse period. Because these overpayments will be applied to future year telecommunications billings, the overpayment to CMS resulted in DCFS utilizing fiscal year 2007 appropriations for services that have not been provided.

The State Finance Act (Act) allows appropriations to be available for expenditures for the fiscal year incurred. It also allows for payment of liabilities outstanding at June 30 during the State's two-month lapse period (30 ILCS 105/25). Furthermore, it is a matter of prudent business practice to utilize previous overpayments in an expeditious manner.

DCFS management stated they were not aware of the unused overpayment balances from prior fiscal years and had therefore not requested CMS to apply these credits toward fiscal year 2007 CMS billings. They also stated that overpayments at year end can occur for a variety of reasons, as described below:

- CMS billings are frequently not timely. Invoices from CMS do not go directly to DCFS' central payment unit – they are received by the various responsible areas within DCFS. The responsible individuals within these areas typically do not give the invoices priority, and the invoices are often not received by DCFS' vouchering section until considerable time has passed.
- During the year, DCFS pays CMS based upon specific invoices received. Consequently, there is typically a significant lag time from the point the services are rendered, an invoice is received, a voucher is processed, and the Comptroller issues a warrant (payments are predominantly from the General Revenue Fund, and the Comptroller frequently has to withhold payment until sufficient cash is available.) However, as the end of the lapse period approached, DCFS made a decision to pay from the CMS Accounts Receivable Aging Report received from CMS to ensure all FY07 bills were paid before the lapse period ended in order for the bills to be paid timely, as well as to avoid funding current year expenditures with future year appropriations.

DCFS does not have an accounts payable system whereby all CMS invoices are entered and matched with payments. Accordingly, when DCFS pays from the CMS Accounts Receivable Aging Report, there is the possibility that in-transit payments are paid twice. This can occur because payments made, but not received and/or entered by CMS prior to the year end report, would still show up as outstanding. The CMS Accounts Receivable Aging Report is approximately 200 pages long and includes all of the DCFS billing accounts. DCFS has approximately 150 billing accounts with CMS.

Overpayments to the CMS Telecommunications Revolving Fund is a violation of the State Finance Act and results in State funds being expended before related services are received. In addition, these overpayments distort the amounts reported as expended for current telecommunications services and hinder effective budgeting. (Finding Code No. 07-9)

Recommendation: We recommend the Department communicate with the Department of Central Management Services to ascertain the amount overpaid in fiscal year 2007, and prior years, and immediately request this amount be applied to outstanding invoices. We also recommend the Department establish procedures to enable payment of specific invoices rather than paying from CMS' accounts receivable report in order to avoid duplicate payments resulting from timing differences.

Department Response: The Department has communicated with the Department of Central Management Services' Telecommunications Revolving Fund Unit, obtained copies of final reports for FY05, FY06, and FY07 from the Telecommunications Unit, and determined that all credits were applied between October 2007 and April 2008. The Department must rely on the Telecommunications Unit to provide reports on payments applied, delinquency reports, and reports showing credits available in order to track payment information. In addition, the Department has a voucher system that tracks payments entered once they are determined to be "proper bills" and it has vendor payment histories in its existing systems. We are in process of modifying that vendor payment history review process to allow for improved researching capabilities of prior payments for specific vendor invoice numbers especially for those delinquencies reported by the Telecommunications Unit, and we will only make payments from their invoices.

**STATE OF ILLINOIS**  
**DEPARTMENT OF CHILDREN AND FAMILY SERVICES**  
**PRIOR FINDINGS NOT REPEATED – STATE COMPLIANCE**  
**For the Year Ended June 30, 2007**

- 07-10. Finding: Department employees worked overtime without proper approval.

We recommended that the Department strictly enforce its policies and procedures in regards to timekeeping and overtime.

During our sample testing for FY07, we noted no overtime worked without proper approval.

Status: Not repeated. (Finding Code No. 06-7, 05-9, 04-12, 03-8, 02-9)

- 07-11. Finding: Annual performance evaluations were not completed on a timely basis.

We recommended that the Department strictly enforce the existing policies regarding timely completion of performance evaluations.

During our testing for FY07, all of the employees selected in our sample had received their performance evaluations in a timely manner.

Status: Not repeated. (Finding Code No. 06-9, 05-11)

- 07-12. Finding: The Department did not have adequate internal control over children's accounts maintained in the Children's Trust Fund and did not make monthly transfers of all available monies therein, as required by the Children and Family Services Act.

We recommended that the Department determine, on a timely basis, the proper disposition of all monies received and deposited in the Children's Trust Fund and reimburse the appropriate State funds related thereto in order to comply with the Children and Family Services Act and maintain adequate internal control over such monies.

During fiscal year 2007, the Department reconciled the Children's Trust Fund accounts and made transfers to reimburse State funds as required.

Status: Not repeated. (Finding Code No. 06-11)

07-13. Finding: The Department did not request reimbursement of expenditures of two federally supported programs in a timely manner.

In the prior year examination, we reported that the Department had accumulated but not requested reimbursement for federal program expenditures totaling \$7.542 million (combined) for the Chafee Education and Training Voucher program (Voucher program) (CFDA No. 93.599) and the Chafee Foster Care Independent Living program (Independent Living program) (CFDA No. 93.674). We recommended the Department request earned federal reimbursements in a timely manner.

During our examination for the year ended June 30, 2007, we noted that the Department had significantly reduced the amount of unclaimed federal reimbursements. The Department also made budget plans for FY08 to operate these programs from the Children's Services Fund number 220 rather than the previously utilized DCFS Federal Projects Fund number 566 once the remaining balances in the 566 Fund are exhausted.

Status: Not repeated. (Finding Code No. 06-12)

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Cash Receipts
- Analysis of Significant Lapse Period Spending
- Analysis of Accounts Receivable
- Schedule of Indirect Cost Reimbursements

Analysis of Operations

- Agency Functions and Planning Program
- Average Number of Employees (Unaudited)
- Emergency Purchases
- Memoranda of Understanding Between the State of Illinois, Acting Through the Department of Children and Family Services, and Third Parties Relative to the FY 07 Budget (Unaudited)
- Funds Administered
- Service Efforts and Accomplishments (Unaudited)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**State of Illinois**  
**Department of Children and Family Services**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**  
**(Amounts Expressed in Thousands)**

Federal Grantor / Pass-Through Grantor Program Title	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>		
<b>Direct Programs</b>		
Abandoned Infants (Family Options Project)	93.551	\$ 120
Promoting Safe and Stable Families (Title IV-B, Part II, Family Preservation and Support)	93.556	18,259
Temporary Assistance for Needy Families (TANF)	93.558	68,800
Community-Based Child Abuse Prevention Grants (Family Resource Program)	93.590	1,065
Children's Justice Grants to States	93.643	777
Child Welfare Services State Grants (Title IV-B, Part I, Child Welfare Services)	93.645	11,274
Adoption Opportunities	93.652	-
Foster Care Title IV-E	93.658	194,295
Adoption Assistance (Title IV-E)	93.659	89,317
Child Abuse and Neglect State Grants (Child Abuse and Neglect Prevention, Part I and II)	93.669	1,111
Chafee Foster Care Independence Program (Independent Living)	93.674	7,573
Volunteers in Service to America (Vista Transportation)	93.013	-
Chafee Education and Training Vouchers Program (ETV)	93.599	2,852
Substance Abuse and Mental Health Services Projects of Regional Significance (SO II Meth Program)	93.243	343
Child Abuse and Neglect Discretionary Activities (Child Abuse Block Grant)	93.670	99
Head Start	93.600	70
HIV Care Formula Grants	93.917	19
Subtotal Direct Programs		395,974
<b>Pass-through Programs</b>		
from Department of Public Health - HIV Care Formula Grants (Permanency Planning)	93.917	109
from Department of Human Services - Child Care and Development Block Grant	93.575	4
Subtotal Pass-through Programs		113
<b>Total U.S. Department of Health and Human Services</b>		<b>396,087</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 396,087</b>

See Notes to Schedule of Expenditures of Federal Awards.

**State of Illinois**  
**Department of Children and Family Services**

**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

**Note 1 - Organization and Grant Administration**

The State of Illinois, Department of Children and Family Services (Department) is a part of the executive branch of government of the State of Illinois operating under the authority of, and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources of the State's General Revenue Fund are appropriated for the use of the Department. The Department's General Fund represents a portion of the General Revenue Fund of the State of Illinois. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services and the State Comptroller's Office) as defined by the General Assembly.

The responsibility of the Department is to provide public social services to children and their families in order to assure a permanent and secure living situation. The Department's services are delivered through eight programs: child protection, family maintenance, substitute care, adoption service, youth development, services to unmarried mothers, child and family development and support services. A significant portion of the services is provided by sub-recipient agencies.

The Department receives federal awards in the capacity of a primary recipient and as a sub-recipient.

**Primary Recipient**

The Department has been designated as the primary recipient for a majority of federal programs for which it receives federal awards. The major responsibilities of the Department as a primary recipient are to ensure that all planning, public participation, reporting and auditing requirements associated with the federal awards programs are met and that all available federal awards are received and expended in accordance with the requirements of the related grant or contract.

**Subrecipient**

The Department is a subrecipient of federal awards for which the Illinois Department of Public Health and Illinois Department of Human Services were the primary recipients in 2007.

**State of Illinois**  
**Department of Children and Family Services**

**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

**Note 2 - Significant Accounting Policies**

a) Reporting Entity

The Schedule of Expenditures of Federal Awards presents all programs in which expenditures were made and/or claimed by the Department as a primary recipient or as a subrecipient. The Department is an integral part of the State of Illinois, the reporting entity.

b) Basis of Accounting

The Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applicable to State and local governmental units.

**Note 3 - Due from Other Governments – Federal**

The Department has filed retroactive and current cost reimbursement claims under Title IV-E of the Social Security Act with the U.S. Department of Health and Human Services (DHHS).

For financial statement purposes, the Department does not recognize revenue related to retroactive claims until the claims have been awarded.

Expenditures for Foster Care, Title IV-E and Adoption Assistance include the following (amounts in thousands):

Foster Care, Title IV-E	\$194,295
Adoption Assistance	<u>89,317</u>
Total Expenditures	<u>\$283,612</u>



**State of Illinois  
Department of Children and Family Services**

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2007**

**Note 4 - Federal CFDA Numbers**

Federal CFDA numbers are provided from the Catalog of Federal Domestic Assistance.

**Note 5 - Federal Awards Provided to Subrecipients**

Of the federal expenditures presented in the schedule, the Department provided federal awards to subrecipients as follows (amounts in thousands):

	Federal CFDA Number	Amount
U.S. Department of Health and Human Services:		
Direct Programs		
Promoting Safe and Stable Families (Title IV-B, Part II, Family Preservation and Support)	93.556	\$ 8,498
Temporary Assistance for Needy Families (TANF)	93.558	32,961
Child Welfare Services State Grants (Title IV-B, Part I, Child Welfare Services)	93.645	11,274
Foster Care, Title IV-E	93.658	66,730
Adoption Assistance (Title IV-E)	93.659	13,897
Chafee Foster Care Independence Program (Independent Living)	93.674	3,361
Chafee Education and Training Voucher (ETV)	93.599	452
<b>Total Expenditures of Federal Awards Provided to Subrecipients</b>		<b>\$ 137,173</b>

State of Illinois  
Department of Children and Family Services

Schedule of Appropriations, Expenditures, and Lapsed Balances  
For the Fourteen Months Ended August 31, 2007

	APPROPRIATIONS (NET AFTER TRANSFERS)	EXPENDITURES THROUGH 06/30/07	LAPSE PERIOD 07/01/06 - 08/31/07	TOTAL EXPENDITURES	BALANCES LAPSED
<b>GENERAL REVENUE FUND - 0001</b>					
REGULAR POSITIONS	\$ 187,884,000	\$ 175,979,445	\$ 10,068,599	\$ 186,048,044	\$ 1,835,956
STATE EMPLOYEE RETIREMENT	21,687,500	20,297,002	1,164,622	21,461,624	225,876
SOC SEC/MEDICARE CONTRIBUTIONS	13,876,100	13,101,569	751,134	13,852,703	23,397
CONTRACTUAL SERVICES	33,044,400	26,914,571	5,508,020	32,422,591	621,809
TRAVEL	6,400,000	5,503,431	802,397	6,305,828	94,172
COMMODITIES	495,000	331,850	149,604	481,454	13,546
PRINTING	500,000	399,747	93,365	493,112	6,888
EQUIPMENT	98,000	54,728	22,885	77,613	20,387
ELECTRONIC DATA PROCESSING	8,210,000	7,334,149	870,691	8,204,840	5,160
TELECOMMUNICATION	6,300,000	4,009,292	2,253,140	6,262,432	37,568
OPERATION OF AUTO EQUIPMENT	70,000	61,781	8,219	70,000	-
LUMP SUMS AND OTHER PURPOSES	8,674,900	3,037,191	5,598,956	8,636,147	38,753
LUMP SUM, OPERATIONS	574,100	487,763	21,827	509,590	64,510
AWARDS AND GRANTS	13,837,700	12,058,290	1,744,867	13,803,157	34,543
TORT CLAIMS	233,800	35,371	8,981	44,352	189,448
REIMBURSEMENTS TO GOVERNMENTAL UNITS	338,500	-	338,500	338,500	-
AWARDS AND GRANTS TO STUDENTS	842,500	711,874	120,151	832,025	10,475
AWARDS AND GRANTS - LUMP SUM	472,820,200	462,236,429	9,378,665	471,615,094	1,205,106
REFUNDS	5,800	4,134	878	5,012	788
<b>Subtotal Fund 0001</b>	<b>775,892,500</b>	<b>732,558,617</b>	<b>38,905,501</b>	<b>771,464,118</b>	<b>4,428,382</b>

Note: Appropriations, expenditures, and lapsed balances were obtained from Department records and have been reconciled to records of the State Comptroller.

State of Illinois  
Department of Children and Family Services

Schedule of Appropriations, Expenditures, and Lapsed Balances  
For the Fourteen Months Ended August 31, 2007

	APPROPRIATIONS (NET AFTER TRANSFERS)	EXPENDITURES THROUGH 06/30/07	LAPSE PERIOD		TOTAL EXPENDITURES	BALANCES LAPSED
			07/01/06 -	08/31/07		
<b>Public Act 94-798</b>						
<b>DCFS CHILDREN'S SERVICES FUND - 0220</b>						
LUMP SUMS AND OTHER PURPOSES	\$ 27,422,500	\$ 18,900,324	\$ 4,860,347	\$ 23,760,671	\$ 3,661,829	
AWARDS AND GRANTS	503,601,900	384,803,733	71,923,304	456,727,037	46,874,863	
Subtotal Fund 0220	531,024,400	403,704,057	76,783,651	480,487,708	50,536,692	
<b>DCFS FEDERAL PROJECTS FUND - 0566</b>						
LUMP SUM AND OTHER PURPOSES	18,367,600	10,914,274	1,522,515	12,436,789	5,930,811	
Subtotal Fund 0566	18,367,600	10,914,274	1,522,515	12,436,789	5,930,811	
<b>DCFS SPECIAL PURPOSE TRUST FUND - 0582</b>						
LUMP SUMS AND OTHER PURPOSES	360,000	21,677	40,565	62,242	297,758	
Subtotal Fund 0582	360,000	21,677	40,565	62,242	297,758	
<b>CHILD ABUSE PREVENTION FUND - 0934</b>						
AWARDS AND GRANTS - LUMP SUM	600,000	8,225	-	8,225	591,775	
Subtotal Fund 0934	600,000	8,225	-	8,225	591,775	
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 1,326,244,500</b>	<b>\$ 1,147,206,850</b>	<b>\$ 117,252,232</b>	<b>\$ 1,264,459,082</b>	<b>\$ 61,785,418</b>	

Note: Appropriations, expenditures, and lapsed balances were obtained from Department records and have been reconciled to records of the State Comptroller.

State of Illinois  
Department of Children and Family Services

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances  
For the Fiscal Years Ended June 30, 2007 and 2006

	2007 PUBLIC ACT 94-798	2006 PUBLIC ACT 94-0015
<b>GENERAL REVENUE FUND - 0001</b>		
<b>APPROPRIATIONS (NET AFTER TRANSFERS)</b>	<b>\$ 775,892,500</b>	<b>\$ 810,616,400</b>
REGULAR POSITIONS	186,048,044	\$ 178,064,339
STATE PAID RETIREMENT CONTRIB	-	1,259,767
STATE EMPLOYEE RETIREMENT	21,461,624	13,888,463
SOC SEC/MEDICARE CONTRIBUTIONS	13,852,703	13,337,544
CONTRACTUAL SERVICES	32,422,591	33,740,238
TRAVEL	6,305,828	5,644,290
COMMODITIES	481,454	485,014
PRINTING	493,112	525,597
EQUIPMENT	77,613	51,614
ELECTRONIC DATA PROCESSING	8,204,840	7,458,203
TELECOMMUNICATION	6,262,432	5,725,899
OPERATION OF AUTO EQUIPMENT	70,000	72,632
LUMP SUMS AND OTHER PURPOSES	9,528,589	8,937,014
AWARDS AND GRANTS	486,250,276	533,581,063
REFUNDS	5,012	4,615
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<b>771,464,118</b>	<b>802,776,292</b>
<b>LAPSED BALANCES</b>	<b>\$ 4,428,382</b>	<b>\$ 7,840,108</b>
<b>DCFS TRAINING FUND - 0094</b>		
<b>APPROPRIATIONS (NET AFTER TRANSFERS)</b>	<b>\$ -</b>	<b>\$ 97,981</b>
AWARDS AND GRANTS	-	97,981
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<b>-</b>	<b>97,981</b>
<b>LAPSED BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>

State of Illinois  
Department of Children and Family Services

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances  
For the Fiscal Years Ended June 30, 2007 and 2006

	<b>2007 PUBLIC ACT 94-798</b>	<b>2006 PUBLIC ACT 94-0015</b>
	<hr/>	<hr/>
<b>DCFS CHILDREN'S SERVICES FUND - 0220</b>		
<b>APPROPRIATIONS (NET AFTER TRANSFERS)</b>	\$ 531,024,400	\$ 460,166,619
LUMP SUMS AND OTHER PURPOSES	23,760,671	26,191,047
AWARDS AND GRANTS	456,727,037	400,221,897
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<hr/> 480,487,708	<hr/> 426,412,944
<b>LAPSED BALANCES</b>	<hr/> \$ 50,536,692	<hr/> \$ 33,753,675
<b>DCFS FEDERAL PROJECTS FUND - 0566</b>		
<b>APPROPRIATIONS (NET AFTER TRANSFERS)</b>	\$ 18,367,600	\$ 18,367,600
LUMP SUMS AND OTHER PURPOSES	12,436,789	11,964,298
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<hr/> 12,436,789	<hr/> 11,964,298
<b>LAPSED BALANCES</b>	<hr/> \$ 5,930,811	<hr/> \$ 6,403,302
<b>DCFS SPECIAL PURPOSE TRUST FUND - 0582</b>		
<b>APPROPRIATIONS (NET AFTER TRANSFERS)</b>	\$ 360,000	\$ 360,000
LUMP SUMS AND OTHER PURPOSES	62,242	-
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<hr/> 62,242	<hr/> -
<b>LAPSED BALANCES</b>	<hr/> \$ 297,758	<hr/> \$ 360,000

State of Illinois  
Department of Children and Family Services

Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances  
For the Fiscal Years Ended June 30, 2007 and 2006

	2007 PUBLIC ACT 94-798	2006 PUBLIC ACT 94-0015
<b>CHILD ABUSE PREVENTION FUND - 0934</b>		
APPROPRIATIONS (NET AFTER TRANSFERS)	\$ 600,000	\$ 600,000
AWARDS AND GRANTS - LUMP SUM	8,225	-
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<u>8,225</u>	<u>-</u>
LAPSED BALANCES	<u>\$ 591,775</u>	<u>\$ 600,000</u>
<b>GRAND TOTAL - ALL APPROPRIATED FUNDS</b>		
APPROPRIATIONS (NET AFTER TRANSFERS)	\$ 1,326,244,500	\$ 1,290,208,600
<b>TOTAL APPROPRIATED EXPENDITURES</b>	<u>1,264,459,082</u>	<u>1,241,251,515</u>
LAPSED BALANCES	<u>\$ 61,785,418</u>	<u>\$ 48,957,085</u>
<b>NONAPPROPRIATED FUND</b>		
<b>DCFS SPECIAL PURPOSE TRUST FUND - 0582</b>		
LUMP SUMS AND OTHER PURPOSES	\$ -	\$ 118,721
<b>TOTAL NONAPPROPRIATED FUNDS</b>	<u>\$ -</u>	<u>\$ 118,721</u>
<b>TOTAL EXPENDITURES - ALL FUNDS</b>	<u>\$ 1,264,459,082</u>	<u>\$ 1,241,370,236</u>
<b>GENERAL REVENUE FUND (0001) - STATE COMPTROLLER OFFICER SALARIES</b>		
DIRECTOR SALARY	<u>\$ 53,370</u>	<u>\$ 127,773</u>

**State of Illinois**  
**Department of Children and Family Services**  
**Schedule of Changes in State Property**  
**For the Year Ended June 30, 2007**  
**(Amounts Expressed in Thousands)**

Balance at beginning of year	\$ <u>30,997</u>
Additions	
Fiscal Year 2007 through June 30	945
Fiscal Year 2007 lapse period estimate	<u>502</u>
Total Additions	<u>1,447</u>
Deletions	
Fiscal Year 2007 through June 30	2,216
Fiscal Year 2007 lapse period estimate	<u>2</u>
Total Deletions	<u>2,218</u>
Balance at end of the year	\$ <u><u>30,226</u></u>

Note: This schedule was prepared from Department records and was reconciled to property reports submitted to the State Comptroller.

This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

**State of Illinois**  
**Department of Children and Family Services**

**Comparative Schedule of Cash Receipts**  
**For the Fiscal Years Ended June 30, 2007 and 2006**  
**(Amounts Expressed in Dollars)**

	2007	2006
General Revenue Fund - 0001		
Child welfare	\$ 13,000,000	\$ 13,000,000
Miscellaneous	113,215	70,465
Parental contributions for care and maintenance of children	225,614	280,057
	13,338,829	13,350,522
DCFS Training Fund - 0094		
Federal Government	-	5,144,039
	-	5,144,039
DCFS Children's Services Fund - 0220		
Federal Government	371,121,286	359,717,199
Miscellaneous	17,988	
Reimbursement from Children's Trust	3,171,752	2,723,013
	374,311,026	362,440,212
DCFS Federal Projects Fund - 0566		
Federal Government - DHHS	11,593,650	11,615,403
Private organizations or individuals	22,442	21,250
Federal monies via Illinois Department of Public Health	99,999	99,935
	11,716,091	11,736,588
DCFS Special Purpose Fund - 0582		
Private organizations or individuals	50,000	240,000
Putative Father Fees	24,440	-
	74,440	240,000
<b>TOTAL DEPARTMENT RECEIPTS</b>	<b>\$ 399,440,386</b>	<b>\$ 392,911,361</b>

**Note: This schedule was prepared from Department records and includes cash receipts in-transit at June 30, to the State Treasury.**



State of Illinois  
Department of Children and Family Services

**Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller  
For the Fiscal Years Ended June 30, 2007 and 2006  
(Amounts Expressed in Dollars)**

		2007				2006			
		220	566	582					
		DCFS	DCFS	DCFS	DCFS	DCFS	DCFS	DCFS	DCFS
		Children's	Federal	Special	Federal	Federal	Special	Special	Special
		Services	Projects	Purpose	Projects	Projects	Purpose	Purpose	Purpose
		Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
		001	094						
		General	DCFS						
		Revenue	Training						
		Fund	Fund						
Cash Receipts and Transfers per DCFS	\$ 13,338,829	\$ -	\$ 374,311,026	\$ 11,716,091	\$ 74,440	\$ 399,440,386			
Receipts in transit at June 30, 2006	-	-	-	-	-	-			
Receipts in transit at June 30, 2007	-	-	-	-	-	-			
Cash Receipts and Transfers per Comptroller	\$ 13,338,829	\$ -	\$ 374,311,026	\$ 11,716,091	\$ 74,440	\$ 399,440,386			
<b>2006</b>									
		220	566	582					
		DCFS	DCFS	DCFS	DCFS	DCFS	DCFS	DCFS	DCFS
		Children's	Federal	Special	Federal	Federal	Special	Special	Special
		Services	Projects	Purpose	Projects	Projects	Purpose	Purpose	Purpose
		Fund	Fund	Fund	Fund	Fund	Fund	Fund	Fund
		001	094						
		General	DCFS						
		Revenue	Training						
		Fund	Fund						
Cash Receipts and Transfers per DCFS	\$ 13,350,522	\$ 5,144,039	\$ 362,440,212	\$ 11,736,588	\$ 240,000	\$ 392,911,361			
Receipts in transit at June 30, 2005	-	-	-	-	-	-			
Receipts in transit at June 30, 2006	-	-	-	-	-	-			
Cash Receipts and Transfers per Comptroller	\$ 13,350,522	\$ 5,144,039	\$ 362,440,212	\$ 11,736,588	\$ 240,000	\$ 392,911,361			

**State Of Illinois**  
**Department of Children and Family Services**

**Analysis of Significant Variations In Expenditures**  
**For the Fiscal Year Ended June 30, 2007**

The State of Illinois, Department of Children and Family Services' (Department) explanations of significant fluctuations in expenditures as presented in the "Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances - Appropriated Funds" are detailed below:

	FY 2007 Public Act 94-0798	FY 2006 Public Act 94-0015	Difference	Percentage Difference
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**GENERAL REVENUE FUND - 0001**

STATE PAID RETIREMENT CONTRIBUTION	-	1,259,767	(1,259,767)	-100.00%
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These payments were phased out after Fiscal Year 2006 as the state no longer covers the 4% retirement pick up, and all employees pay this directly. This was a result of a change in the terms of the union contract.

STATE EMPLOYEE RETIREMENT	21,461,624	13,888,463	7,573,161	54.53%
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The retirement rate paid by the Department increased from 7.79% to 11.525%, which accounts for the majority of the change.

EQUIPMENT	77,613	51,614	25,999	50.37%
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Most additional equipment purchases in FY07 were for office furniture which primarily included new chairs for the regions.

**DCFS TRAINING FUND - 0094**

AWARDS AND GRANTS	-	97,981	(97,981)	-100.00%
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Fund 094 was consolidated into Fund 220 during FY06.

**State Of Illinois**  
**Department of Children and Family Services**

**Analysis of Significant Variations In Expenditures**  
**For the Fiscal Year Ended June 30, 2007**

	FY 2007 Public Act 94-0798	FY 2006 Public Act 94-0015	Difference	Percentage Difference
<b>DCFS SPECIAL PURPOSE TRUST FUND - 0582</b>				
LUMP SUMS AND OTHER PURPOSES	62,242		62,242	N/A
The appropriation was used to make final payment of \$34,555 in Annie E. Casey program funds. The remainder of funds were used to pay out J.P. Morgan/Chase contributions received for scholarships to wards.				
FUND 0582 - NON-APPROPRIATED LUMP SUMS AND OTHER PURPOSES		118,721	(118,721)	-100.00%
This represents the ending of major spending from the Annie E. Casey Grant, used for "Family to Family" program.				
DIRECTOR SALARY	53,370	127,773	(74,403)	-58.23%

DCFS Director left in November 2006, and the acting Director was paid from the regular salary appropriation line.

**Department of Children and Family Services  
State of Illinois  
Analysis of Significant Variations in Cash Receipts  
For the Fiscal Year Ended June 30, 2007**

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percent Difference</u>
<b>General Revenue Fund - 001</b>				
<u>Miscellaneous</u>	\$ 113,215	\$ 70,465	\$ 42,750	60.67%

Miscellaneous collections include increases in FY07 restitutions, involuntary withholding, and overall miscellaneous receipts.

**DCFS Training Fund - 094**

<u>Federal Government</u>	\$ -	\$ 5,144,039	\$ (5,144,039)	-100.00%
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The Training fund was dissolved as of September 1, 2005, and the remaining fund balance was transferred to the DCFS Childrens Services Fund.

**DCFS Children's Services Fund - 220**

<u>Federal Government</u>	\$ 371,121,286	\$ 359,717,199	\$ 11,404,087	3.17%
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The majority of this change can be attributed to \$5.7 million in Chafee funds deposited in this fund in FY07. In FY06, these funds were deposited in the Federal Projects Fund.

<u>Reimbursement from Children's Trust</u>	\$ 3,171,752	\$ 2,723,013	\$ 448,739	16.48%
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Receipts into the Children's Trust Fund increased in FY07, therefore, there were more funds available for reimbursement into the 220 fund for expenditures paid on behalf of wards of the State.

**Department of Children and Family Services  
State of Illinois  
Analysis of Significant Variations in Cash Receipts  
For the Fiscal Year Ended June 30, 2007**

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percent Difference</u>
<b>DCFS Special Purpose Fund - 582</b>				
<u>Private Organizations or Individuals</u>	\$ 50,000	\$ 240,000	\$ (190,000)	-79.17%

The main funding for this grant is a multi-year grant of \$640,000 from a single private trust. The final allocation of \$240,000 was made in FY06. The only receipt in FY07 was one \$50,000 scholarship donation.

<u>Putative Father Fees</u>	\$ 24,440	\$ -	\$ 24,440	N/A
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FY07 is the first year for receiving Putative Father Registry Fees.

**State of Illinois  
Department of Children and Family Services**

**Analysis of Significant Lapse Period Spending  
For the Fiscal Year Ended June 30, 2007**

The State of Illinois, Department of Children and Family Services' (Department) explanations of significant lapse period spending as presented in the "Schedule of Appropriations, Expenditures, and Lapsed Balances By Fund" for Fiscal Year 2007 are detailed below.

	Total Expenditures	Lapse Period July 1 - August 31	Percent
<b>GENERAL REVENUE FUND - 0001</b>			
COMMODITIES	481,454	149,604	31.07%
The Department's practice is to replenish supplies at the end of the year. There were fewer expenditures in the first part of the year because of previous year restocking.			
EQUIPMENT	77,613	22,885	29.49%
Part of the equipment was not received until lapse period. The equipment purchases, paid during lapse period, were for office furniture that mostly consisted of new chairs for the regions.			
TELECOMMUNICATION	6,262,432	2,253,140	35.98%
Telecommunication invoices are billed after the fact, and the reconciliation and sign-off process by all employees is lengthy which leads to many payments made during the lapse period.			
LUMP SUMS AND OTHER PURPOSES	8,636,147	5,598,956	64.83%
The main lump sum line is a residual line in which a majority of expenditures are made only after other appropriations have been utilized. The bills that are paid out of this line are inherently delayed due to the timing nature of the billing (travel reimbursement and university contracts).			
REIMBURSEMENTS TO GOVERNMENTAL UNITS	338,500	338,500	100.00%
The agency waits until the end of the year to gather all claims and then prorates out the percentage by county based on total billings.			
<b>DCFS CHILDREN'S SERVICES FUND - 0220</b>			
LUMP SUMS AND OTHER PURPOSES	23,760,671	4,860,347	20.46%
A large portion of these payments are made to the CMS telecommunications and statistical services revolving funds. These billings are received late in the fiscal year, therefore payments for several months are made during the lapse period.			
<b>DCFS SPECIAL PURPOSE TRUST FUND - 0582</b>			
LUMP SUMS AND OTHER PURPOSES	62,242	40,565	65.17%
All of the remaining Annie E. Casey funds were paid out for the "Family to Family" program prior to spending authority for the grant expiring. Scholarship funds were paid out from the J.P. Morgan/Chase trust grant to wards prior to the grant's expiration.			

**State of Illinois**  
**Department of Children and Family Services**

**Analysis of Accounts Receivable**  
**June 30, 2007**  
**(Amounts Expressed in Thousands)**

The Department has two categories of accounts receivable. Parental accounts receivable are a result of fees assessed to parents of children who are receiving benefits on behalf of children from the Department through foster care or other services. Board accounts receivable are a result of overpayments by the Department to providers of care for the children.

(Per Department records)

**General Revenue Fund (0001)**

Parental accounts receivable	\$	548	
Less: allowance for uncollectibles		(537)	
		11	
Board accounts receivable		1,924	
Less: allowance for uncollectibles		(1,665)	
		259	
Accounts Receivable, Net	\$	270	

Aging of Receivables	0 - 60 Days	Over 60 Days	Total
Parental accounts receivable	\$ 9	\$ 539	\$ 548
Board accounts receivable	\$ 117	\$ 1,807	\$ 1,924

Note: The Department uses both the Comptroller's offset system and a private collection agency to attempt collection of accounts receivable. If the collection agency is unable to collect the account receivable and the amount owed is \$1,000 or more, the Department submits the account to the Attorney General for suit.

**State of Illinois**  
**Department of Children and Family Services**  
**Schedule of Indirect Cost Reimbursements**  
**For the Years Ended June 30, 2007 and 2006**

The Department negotiates indirect cost reimbursement rates with the U.S. Department of Health and Human Services (DHHS). The indirect cost rates are used to support claims for indirect costs pertaining to grants and contracts with the federal government. The Department contracts the rate proposal and negotiation process to a professional consultant.

The rates are approved by DHHS in accordance with OMB Circular A-87, subject to any statutory or administrative limitations. Initially, provisional rates are determined and used. Final rates are eventually determined, generating possible over/under recovery of indirect costs, which are considered as prior claims are adjusted.

Cost base: Direct salaries and wages excluding all fringe benefits.

	<u>Rates</u>		<u>Actual Amounts Reimbursed for Indirect Costs</u>	
	<u>Final (a)</u>	<u>Provisional (b)</u>	<u>2007</u>	<u>2006</u>
	Costs applicable to:			
Division of Support Services: Central Payment, FFP, Case Assignment and Day Care Payment Units	24.4%	24.4%	\$ 191,549	\$ 208,404
Training	27.7%	27.7%	46,238	58,630
Child Protection and Child Welfare Services	22.6%	22.6%	4,107,971	4,016,095
Administrative Case Review	15.7%	15.7%	248,565	288,425
Service Intervention	20.4%	20.4%	617,988	593,050
Monitoring/Quality Assurance	17.7%	17.7%	478,748	536,716
AFCARS/SACWIS	60.4%	60.4%	292,198	208,515
Central Administration: Juvenile Court & Legal Permanency, and Child & Family Policy	18.6%	18.6%	201,906	219,963
Clinical Services, including Housing & Cash Assistance	18.1%	18.1%	139,456	135,062
Office of the Guardian	18.8%	18.8%	<u>206,539</u>	<u>211,150</u>
		Total	<u>\$ 6,531,158</u>	<u>\$ 6,476,010</u>

(a) Fiscal Year 2005 Final is last approved rate agreement.

(b) Provisional rate used until final rate is approved.



**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**AGENCY FUNCTIONS AND PLANNING PROGRAM  
For the Year Ended June 30, 2007**

Agency Functions Description

The Department of Children and Family Services (Department) is mandated to provide protective and preventive services to children and their families. The Department responds to this charge by protecting children who are at risk of harm, administering comprehensive community-based systems of youth services, remedying family problems that place children at risk of being removed from their homes, providing children with a safe, nurturing environment when out-of-home placement is needed, and when appropriate, placing children in suitable adoptive homes.

The Department's mission is based upon the conviction that children must have a consistent nurturing environment to achieve optimal growth and development. Permanency goals are established for each child in the Department's care that reflects the individual needs of each child and family. During service provision, a child's goal may be remaining at home, returning home, adoption, permanent family placement, independence or long-term care in a residential facility. Five Department service delivery programs are designed to achieve these client goals: Protective Services, Family Maintenance, Family Reunification and Substitute Care, Adoption and Guardianship and Support Services. The Department's director is Erwin McEwen. Mr. McEwen's office is located at 406 East Monroe Street, Springfield, Illinois.

Protective Services

Child Protective Services begin with a receipt of a report alleging abuse or neglect at the Department's 24-hour hotline at the State Central Register. An investigation of the report is initiated within 24 hours of its receipt. The investigation is conducted for the purpose of determining whether credible evidence of child abuse or neglect exists and whether the family can benefit from protective services. When such service needs are identified, Department staff arranges for those services to be initiated.

Publicly funded day care and related services in Illinois are funded by four state agencies: the Department of Children and Family Services, the Department of Healthcare and Family Services, the Department of Human Services and the Illinois State Board of Education. The four agencies work cooperatively to finance day care for children and their families for several reasons: to enable the parent(s) to participate in education and training programs; to provide alternate care for children in danger of neglect, abuse or exploitation; to reduce the need for the out-of-home placement of children; and to subsidize appropriate child care for working parents with low incomes. The Department licenses day care facilities and homes.

Family Maintenance

The Family Maintenance program is designed to prevent the need for out-of-home placement of children. Services provide support and training in order to promote the development of an improved home environment that ensures the child's well-being and safety. Both Department and private agency staff provide case management and social work to these children and families.

### Adoption and Guardianship

When it is inappropriate or not possible to return a child to the natural family, adoption is viewed as a desirable alternative. The child's need for a safe, nurturing and permanent home is the paramount factor when considering adoption. Adoption assistance is available to families who are considering adopting children with special needs for whom the Department is legally responsible and who cannot be adopted without a subsidy. Such assistance includes one-time cash payments for legal fees and medical expenses.

### Family Reunification and Substitute Care

Family Reunification and Substitute Care services are critical components of the Department's family focused programs. Family Reunification addresses the problems of dysfunctional families through the provision of intensive in-home services. Substitute care is provided to the children in need of placement, with the goal of returning the children to a stabilized home environment. The effective provision of service to families and children includes the responsibility of licensing all childcare facilities and a review of open child cases every six months. Childcare facilities include all foster homes, institutional and group homes. Both Department and private agency staff provide case management and social work to these children and families.

### Support Services

Central administration, audits, legislative, communications, legal services, management and budget, and fiscal functions fall in this area.

### Agency Planning Program

The Department's Division of Planning and Performance Management and the Office of Program Development and Support are the organizational units responsible for coordinating the development of the Child and Family Services Plan (CFSP), a plan based on the requirements of Titles IV-B and IV-E of the Social Security Act and Illinois state laws. Implementation and administration of the CFSP are the responsibilities of the various organizational units of the Department that perform substantive program, support, and administrative functions.

The Department's most recent CFSP covers 2005-2009 and includes those objectives, action steps and activities that the Department plans to implement during the federal fiscal years 2005-2009. For those objectives identified, the Department develops the measures and baseline for annually reporting its progress in an Annual Progress and Services Report (APSR). Prior to developing the APSR every year, the Department considers the action steps to meet the objectives with needs assessment information.

The planning cycle is coordinated with the budgeting cycle so the Department's stated goals and priorities provide direction in the allocation of resources. The planning and budgeting process consists of four major phases as follows:

#### Evaluation of Needs Analysis

Each of the Department's operating units identifies emerging issues and analyzes trends; needs are assessed and analyzed to define service deficiencies.

### Planning

After review, analysis and discussion of the findings of the need analysis, together with consideration of negotiated consent decrees, legislative, economic and demographic developments, the Director determines the major priorities and goals for the Department.

### Budget Preparation

Guided by the Director's statement of priorities, projections of service needs and performance objectives, the fiscal planning committee coordinates the different operating units in preparing the Department's budget request for the coming year.

### Operational Planning

Operational planning is the process by which each unit of the Department determines the objectives it will achieve to fulfill the Director's priorities during the fiscal year within the budgetary constraints.

**State of Illinois**  
**Department of Children and Family Services**

**Average Number of Employees (Unaudited)**  
**For the Year Ended June 30, 2007**

The following information was developed through analysis of headcount schedules.

	<u>2007</u>	<u>2006</u>
Downstate region (Child Welfare and Child Protection)	1,232	1,155
Cook region (Child Welfare and Child Protection)	980	1,040
Purchase of service monitoring	302	300
Child protection administration	127	126
Central administration	115	125
Support services	96	104
Administrative case review	75	76
Office of the guardian	60	59
Clinical services	43	40
Operations and community services	39	35
Targeted case management	29	46
AFCAR/SACWIS	28	2
Title IV-E reimbursements	27	30
Quality assurance	25	26
Inspector general	17	16
Foster care initiative	9	17
Foster care/adoption training	7	7
Attorney general CW litigation	7	5
Independent living initiative	6	5
Children's justice act	4	4
Health care network	1	1
MCO technical support	1	1
SSI reimbursements	-	3
Family preservation	-	1
	<u>3,230</u>	<u>3,224</u>

**State of Illinois**  
**Department of Children and Family Services**

**Emergency Purchases**  
**For the Year Ended June 30, 2007**

<u>Fiscal Year</u>	<u>Vendor</u>	<u>Description</u>	<u>Actual Cost</u>
2007	Dell Marketing	Purchase equipment to help establish the initial infrastructure environment needed for DCFS to relocate its server infrastructure to the CMS Central Computing Facility.	\$ 200,056

STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Memoranda of Understanding between the State of Illinois, Acting through the Department of Children and Family Services, and Third Parties Relative to the FY07 Budget  
(Unaudited)

Name	Amount	Purpose
Family Focus, Inc.	\$ 25,000	Coordinate with Local Area Network Providers to support academic stability with elementary school age children and outreach support for children at risk of being suspended or expelled from school.
Prairie Center Health Systems, Inc.	200,000	Provide an innovative approach to intervening in the lives of substance affected families with histories of child neglect or abuse specifically associated with the Methamphetamine population.
West Englewood United Organization/ Clara's House	100,000	Provide housing assistance for vulnerable and at-risk families and an After-School Parent Involvement Educational Program.
Passages Alternative Living Program-Parent Ed. Workshops	150,000	Provide parent educational workshops for use in providing services to enhance the functioning of families and their support systems.
I AM ABLE Family Development Corp.	50,000	Provide services to enhance the functioning of families and their support systems.
Sinai Community Institute, Inc. (Sinai Parenting Institute)	25,000	Provide parent training services for families identified at high risk of child abuse.
Donald Peterson Foundation	150,000	Provide services to enhance the functioning of families and their support systems.
Jamal Place, Inc	100,000	Provide a transitional living program for adolescent males.

**State of Illinois**  
**Department of Children and Family Services**

**Funds Administered**

**June 30, 2007**

The State of Illinois, Department of Children and Family Services was responsible for administering the following funds.

**General Revenue Fund (#001)** – This is the Department’s primary operating fund. It accounts for all financial resources of the Department, except those required to be accounted for in another fund. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Revenue Fund consistent with applicable legal requirements. The General Revenue Fund is a shared fund of the State of Illinois, and the information in the fiscal schedules and analysis of this report represents only the activity attributable to the Department of Children and Family Services.

**Fiduciary Funds:**

**Private Purpose Trust Funds**

Katherine Schaffner Bequest Fund (#1117) and Herrick House Fund (#1207) -

These funds account for resources legally held in trust for use by the Katherine Schaffner Bequest and the Herrick House. All resources of these funds, including any earnings on invested resources, may be used to support the Katherine Schaffner Bequest and the Herrick House. There is no requirement that any portion of these resources be preserved as capital.

**Agency Fund**

Children’s Trust Fund (#1122) - This fund accounts for deposits collected by the Department, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries on behalf of wards of the Department.

**Special Revenue Funds:** These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes, such as federal grant programs, fees for service, and other resources restricted as to purpose. All special revenue funds of the Department are non-shared funds.

**Treasury-Held Funds**

DCFS Children’s Services Fund (#220) - This fund is Federally financed through the non-training programs under Title IV-E of the Social Security Act, TANF and the Title IV-B programs. Protective services including a 24-hour hotline and investigative services, foster care initiative programs, specialized living arrangements and treatment for abused or neglected children with special needs, counseling and family preservation programs are some of the services provided with these monies.

**State of Illinois**  
**Department of Children and Family Services**

**Funds Administered**

**June 30, 2007**

DCFS Federal Projects Fund (#566) - The purpose of this fund is to administer a variety of formula and discretionary grants awarded by the Federal government. The focus of these grants is to support a number of family and child related programs including: child abuse and neglect prevention and treatment programs, independent living, family preservation and crisis intervention programs and day care enhancement and referral projects.

DCFS Special Purpose Fund (#582) - The purpose of this fund is to administer monies and special grants received from private organizations, corporations, donors, etc.

Child Abuse Prevention Fund (#934) - The purpose of this fund is to administer grants to private social service organizations to help prevent child abuse and neglect. The monies for this fund come from the State Income Tax check-off, private donations and interest revenue.

**Locally-Held Funds** - These funds administer various grants and bequests from private sources for the benefit of State wards. These special revenue funds consist of various bank accounts controlled by the Department. Expenditures of these funds must meet the restrictions placed on these funds by the grantor.

Bail Bond Fund (#1119)  
Children and Family Benefit Fund (#1121)  
General Purpose Fund (#1123)



**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Service Efforts and Accomplishments  
(Unaudited)**

(Dollars in Thousands)

The following data was extracted from information reported by the Department for inclusion in the Illinois Office of the Comptroller's Public Accountability Report:

<u>Program</u>	<u>FY 2006</u>		<u>FY 2007</u>	
	<u>Expenditures</u>	<u>Headcount</u>	<u>Expenditures</u>	<u>Headcount</u>
Family Reunification and Substitute Care	\$ 699,238.3	1,056.0	\$ 715,362.0	1,039.0
Adoption and Guardianship	\$ 294,662.3	161.0	\$ 291,666.5	152.0
Protective Services	\$ 110,617.3	1,145.0	\$ 117,959.8	1,152.0
Family Maintenance	\$ 73,129.5	532.0	\$ 74,408.9	498.0
Support Services	\$ 63,604.1	366.0	\$ 65,061.9	327.0
<b>Agency Totals</b>	<b>\$ 1,241,251.5</b>	<b>3,260.0</b>	<b>\$ 1,264,459.1</b>	<b>3,168.0</b>

Children and Family Services Mission and Organization The mission of the Department is to: 1) Protect children who are reported to be abused and neglected and to increase their families' capacity to safely care for them, 2) Provide for the well-being of children in its care, 3) Provide appropriate, permanent families as quickly as possible for those children who cannot safely return home, 4) Support early intervention and child abuse prevention activities, 5) Work in partnership with communities to fulfill this mission.

To achieve this mission the Department utilizes its 3,420 employees and a broad network of private service providers throughout the state. Private agencies are the primary service provider for more than three-fourths of the children in foster care and all children in residential placements.

The Department's major program areas are as follows:

Protective Services – Operates the Child Abuse Hotline, conducts child abuse/neglect investigations, licenses Day Care Centers, foster homes, child welfare agencies and institutions.

Family Maintenance – Delivers services to families to assure child safety so that children can remain in or return to the home.

Adoption and Guardianship – Recruits, supports and maintains adoptive/guardianship homes to which children who cannot return home are placed for permanent settings.

Family Reunification & Substitute Care – Assures permanency for children, prepares families for reunification, and ensures the well-being and safety of children who are placed outside their homes due to abuse, neglect or dependency.

Support Services – Establishes best practice standards, maintains department systems, reports on agency performance, provides administrative support and monitors many department accountability practices.

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Service Efforts and Accomplishments  
(Unaudited)**

(Dollars in Thousands)

**Protective Services**

**Mission Statement:** Protect children, who are reported to be abused and neglected, by assuring their safety in making service provision, placement and permanency planning decisions; by licensing of foster homes, group homes, child care institutions and day care facilities; and by enhancing their families' capacity to safely care for them. Provide for the well-being of children in our care. Support early intervention and child abuse prevention activities. Work in partnership with communities to fulfill this mission.

**Program Goals:**

**Objectives:**

- 1 Reports of child abuse/neglect reports will be investigated promptly, safety insured, and subsequent abuse/neglect prevented.
- 2 Increase child safety after agency involvement.
- 3 Improve responsiveness of the child abuse and neglect hotline.

**Funds:** General Revenue Fund, DCFS Children's Services Fund, DCFS Federal Projects Fund, Child Abuse Prevention Fund      **Statutory Authority:** Children & Family Services Act

	<u>Fiscal Year 2005 Actual</u>	<u>Fiscal Year 2006 Actual</u>	<u>Fiscal Year 2007 Target /Projected</u>	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Target /Projected</u>
<b>Input Indicators</b>					
● Total expenditures - all sources (in thousands)	\$ 115,910.2	\$ 110,617.3	\$ 123,067.9	\$ 117,959.8	\$ 135,670.3
● Total expenditures - state appropriated funds (in thousands)	\$ 115,910.2	\$ 110,617.3	\$ 123,067.9	\$ 117,959.8	\$ 135,670.3
● Average monthly full-time equivalents	1,159.0	1,145.0	1,239.0	1,152.0	1,218.0
<b>Output Indicators</b>					
● Family reports investigated	66,817	66,933	68,700	67,779	67,800
● Hotline calls	249,764	257,481	249,800	258,563	259,100
● Children investigated	111,830	110,225	116,870	111,723	112,000
<b>Outcome Indicators</b>					
● Number of indicated family reports	16,329	15,811	17,080	16,887	17,000
● Percentage of investigations indicated	24.4%	23.6%	24.9%	24.9%	25.1%
● Percentage of investigations initiated within 24 hours	99.8%	99.8%	99.8%	99.8%	99.8%
● Percentage of investigations completed within 60 days	93.3%	92.7%	93%	94.3%	95.2%

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Service Efforts and Accomplishments  
(Unaudited)**

(Dollars in Thousands)

**Family Maintenance**

**Mission Statement:** Support and stabilize families so that children can safely return home or, if they have been removed, quickly return home.

**Program Goals:**

**Objectives:**

- 1 Provide effective in-home services to maintain stable family environments and prevent subsequent abuse.
- 2 Provide effective programs to minimize intake into substitute care.
- 3 Improve parenting skills and deter substance abuse.

**Funds:** General Revenue Fund, DCFS Children's Services Fund, DCFS Federal Projects Fund, DCFS Special Purposes Trust Fund **Statutory Authority:** Children & Family Services Act

	<u>Fiscal Year 2005 Actual</u>	<u>Fiscal Year 2006 Actual</u>	<u>Fiscal Year 2007 Target /Projected</u>	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Target /Projected</u>
<b>Input Indicators</b>					
● Total expenditures - all sources (in thousands)	\$ 73,221.0	\$ 73,129.5	\$ 79,085.0	\$ 74,408.9	\$ 79,636.4
● Total expenditures - state appropriated funds (in thousands)	\$ 73,221.0	\$ 73,129.5	\$ 79,085.0	\$ 74,408.9	\$ 79,636.4
● Average monthly full-time equivalents	517.0	532.0	534.0	498.0	496.0
<b>Output Indicators</b>					
● Intact families served (end of year)	6,983	5,759	7,300	5,505	5,400
● Family cases closed	9,780	9,049	9,880	7,693	7,700
<b>Outcome Indicators</b>					
● Intact family cases open over	1,944	1,497	1,500	1,752	1,700

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Service Efforts and Accomplishments  
(Unaudited)**

(Dollars in Thousands)

**Adoption and Guardianship**

**Mission Statement:** Provide new permanent homes for children in Department's care who cannot safely return to or remain with their biological families. To provide for the well-being of children in adoptive placement. To provide support to adoptive parents before and after adoption-consummation. Work in partnership with communities to fulfill this mission.

**Program Goals:**  
**Objectives:**

- 1 Support and maintain children in adoptive and guardianship homes.
- 2 Maintain children in adoptive and guardianship homes.
- 3 Stabilize placements in adoptive homes and subsidized guardianships.

**Funds:** General Revenue Fund, DCFS Training Fund, DCFS Children's Services Fund, DCFS Federal Projects Fund

**Statutory Authority:** Children & Family Services Act

	<u>Fiscal Year 2005 Actual</u>	<u>Fiscal Year 2006 Actual</u>	<u>Fiscal Year 2007 Target /Projected</u>	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Target /Projected</u>
<b>Input Indicators</b>					
● Total expenditures - all sources (in thousands)	\$ 294,744.9	\$ 294,662.3	\$ 304,398.9	\$ 291,666.5	\$ 293,854.0
● Total expenditures - state appropriated funds (in thousands)	\$ 294,744.9	\$ 294,662.3	\$ 304,398.9	\$ 291,666.5	\$ 293,854.0
● Average monthly full-time equivalents	156.0	161.0	161.0	152.0	151.0
<b>Output Indicators</b>					
● Number of children receiving adoption payments (end of year)	34,493	33,812	34,292	33,395	33,003
● Number of children receiving guardianship payments (end of year)	6,318	6,107	6,054	5,833	5,549
<b>Outcome Indicators</b>					
● Number of children adopted	1,867	1,670	1,794	1,682	1,571
● Number of children to guardianship	638.0	565.0	619.0	563.0	524.0

**STATE OF ILLINOIS  
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

**Service Efforts and Accomplishments  
(Unaudited)**

(Dollars in Thousands)

**Family Reunification and Substitute Care**

**Mission Statement:** Ensure the well-being, safety and permanency of children who are placed outside their homes due to abuse, neglect or dependency. Work in partnership with communities to fulfill this mission.

**Program Goals:**

**Objectives:**

- 1 Children placed outside of the home are protected from abuse and neglect.
- 2 When in care, children are placed close to home, in the least restrictive setting, and in a stable environment.
- 3 Return children home or move them into an alternative permanency quickly.
- 4 Have a process in place to allow children to achieve their highest educational outcomes, given their capabilities and desires.
- 5 When in care, children receive appropriate and necessary physical and mental health care services.

**Funds:** General Revenue Fund, DCFS Training Fund, DCFS Children's Services Fund, DCFS Federal Projects Fund, DCFS Special Purposes Trust Fund

**Statutory Authority:** Children & Family Services Act

	<u>Fiscal Year 2005 Actual</u>	<u>Fiscal Year 2006 Actual</u>	<u>Fiscal Year 2007 Target /Projected</u>	<u>Fiscal Year 2007 Actual</u>	<u>Fiscal Year 2008 Target /Projected</u>
<b>Input Indicators</b>					
● Total expenditures - all sources (in thousands)	\$ 709,574.9	\$ 699,357.0	\$ 754,220.3	\$ 715,362.0	\$ 761,610.5
● Total expenditures - state appropriated funds (in thousands)	\$ 709,574.9	\$ 699,238.3	\$ 754,220.3	\$ 715,362.0	\$ 761,610.5
● Average monthly full-time equivalents	1,056.0	1,056.0	1,137.0	1,039.0	1,056.0
<b>Output Indicators</b>					
● Children in independent living	878.0	929.0	900.0	936.0	1,010
● Children in regular foster care	5,104	5,471	5,797	5,094	5,200
● Children in relative care	6,553	6,189	6,427	5,858	5,950
● Children in residential placements	1,374	1,361	1,304	1,253	1,209
● Children in specialized foster care	3,315	3,494	3,253	3,199	3,174
● Children with "return home" goal	6,435	5,761	5,881	5,413	5,400
● Children placed outside home (end of year) - paid placements	18,224	17,444	17,681	16,340	16,543
<b>Outcome Indicators</b>					
● Child cases closed	6,498	5,908	5,700	5,981	5,900
● Percentage of children returned home	12.9%	12.5%	14.2%	13.1%	12.7%
● Percentage of children served within the year moved to permanency	27.9%	26.5%	30.1%	27.9%	27.5%
● Percentage of sibling groups placed all or partially together	80.3%	81.7%	82%	81%	81%
● Number of children returned home	2,153	1,989	2,147	1,985	1,799
● Median length of time open for children in substitute care (yrs)	2.4	2.4	2.4	2.4	2.4