State of Illinois
DEPARTMENT OF HUMAN SERVICES

COMPLIANCE EXAMINATION
AND DEPARTMENT-WIDE FINANCIAL AUDIT

For the Two Years Ended June 30, 2011

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

Sikich™

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
AND DEPARTMENT-WIDE FINANCIAL AUDIT
For the Two Years Ended June 30, 2011

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Note: The Independent Auditor's Report and financial statements as of and for the year ended June 30, 2010 were previously issued under separate cover. The report dated March 31, 2011 was issued by Sikich LLP as Special Assistant Auditors to the Auditor General and is incorporated herein by reference.

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DEPARTMENT OF HUMAN SERVICES
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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS

Secretary	Carol L. Adams, Ph.D. (through 10/31/09) Michelle R. B. Saddler (10/11/09 through 9/30/10) Grace Hong Duffin (Acting, 10/1/10, through 12/16/10) Michelle R. B. Saddler (Effective 12/16/10)
Assistant Secretary (Operations)	Jerome Butler (through 12/15/09) Vacant (12/16/09 through 9/30/10) Matthew Hammoudeh (Effective 10/1/10)
Assistant Secretary (Programs)	Grace Hou
Budget Director	Robert Brock
Business Services Director	Ron Brian (Acting, 8/8/07 through 12/31/09) Vacant (1/1/10 through 4/30/10) Melissa Wright (Effective 5/1/10)
Chief of Staff	Teyonda Wertz (through 10/30/09) Grace Hong Duffin (Effective 11/1/09)
Chief Financial Officer	Robert Stanek (through 4/15/10) Carol Kraus (Effective 4/16/10)
Chief Operating Officer	Andrew Fox (through 10/30/09) Vacant (10/31/09 through 7/30/11) Matthew Grad y (Effective 8/1/11)
Office of Contract Administration Manager	Sally Hardwick Adams (through 12/31/09) Debra Matlock (1/1/10 through 4/30/11) Vacant (5/1/11 through 6/30/11) Nelida Smyser-DeLeon (Acting, Effective 7/1/11)
Chief Internal Auditor	Debbie Abbott (Effective 9/16/10)
Agency Procurement Officer	Curtis Thompson (through 4/26/10) William Strahle (Acting, 4/27/10 through 8/12/10) Vacant (8/13/10 through 10/14/10) Trudy Haffer (Acting, 10/15/10 through 12/15/11) Bradley Howard (12/16/11 through 2/15/12) William Strahle (Effective 2/16/12)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS – Continued

Fiscal Services Director	Solomon Oriaikhi (Through 7/31/10) Matthew Grady (8/2/10 through 7/31/11) Gary Anderson (Acting, 7/27/11 through 12/31/11) Michael Layden (Acting, Effective 1/3/12)
Human Resources Director	Elizabeth Sarmiento
Management Information Services Chief	Doug Kasamis (Effective 10/1/09)
Office of Community Relations Director	Aurelio Huertas Fabrizio (Acting, through 1/16/10) Jesus Garcia (2/22/10 through 12/2/10) Tom Green (Effective 1/16/11)
Chief Legislative Liaison	Randy Wells
Office of Accessibility and Customer Support Director	Martha Younger-White
Hispanic/Latino Affairs Director	Agueda Corona (7/16/07 through 3/19/10) Nelida Smyser-DeLeon (Effective 5/16/10)
General Counsel	Mary-Lisa Sullivan (11/09/09 through 4/20/12) Brian Dunn (Effective 4/23/12)
Inspector General	Bill Davis
Office of Strategic Planning and Performance Director	Layla Suleiman-Gonzalez (Effective 3/16/10)
Division of Alcohol and Substance Abuse Director	Theodora Binion-Taylor
Division of Rehabilitation Services Director	Rob Kilbury (Through 11/30/11) Kris Smith (Acting, Effective 12/1/11)
*Division of Community Health and Prevention Director	Ivonne Sambolin-Jones (through 12/15/11) Vacant (12/16/11 through 2/15/12) Dan Harris (Effective 2/16/12)
Division of Developmental Disabilities Director	Lilia Teninty (through 4/15/11) Reta Hoskin (Acting, 4/16/11 through 8/28/11) Kevin Casey (Effective 8/29/11)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS – Continued

Division of Mental Health Director	Lorrie Rickman-Jones, Ph.D.
Division of Clinical, Administrative and Program Support Manager	Jim Hobbs
*Office of Human Capital Development Director	Marva Arnold (through 2-28-10) Linda Saterfield (Acting, Effective 3/1/10)
Grant Administration Director	Sharon Zahorodnyj
Office of Security and Emergency Preparedness Director	Hero Tameling (through 8/17/11) Vacant (8/18/11 through 1/12/12) John Mack (Effective 1/13/12)

*Effective 7/1/12, the Division of Human Capital Development (DHCD) and the Division of Community Health and Prevention (DCHP) will be merged together to create a new division, Division of Family and Community Services (DFCS). At that time, Linda Saterfield (current DHCD acting director) will become the Director of DFCS

Agency main offices are located at:

100 South Grand Avenue, East Springfield, Illinois 62762	501 South Clinton Street Chicago, Illinois 60607

Pat Quinn, *Governor*

Illinois Department of Human Services

Michelle R.B. Saddler, *Secretary*

100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

MANAGEMENT ASSERTION LETTER

Sikich LLP
3201 West White Oaks Drive, Suite 102
Springfield, IL 62704

June 25, 2012

Ladies and 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 two-year period ended June 30, 2011. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2011, 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.

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 Human Services

Michelle ~~R.~~ B. Saddler
Secretary

Carol Kraus
Chief Financial Officer

Brian Dunn
General Counsel

COMPLIANCE REPORT

SUMMARY

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

INTRODUCTION

As noted in the introduction to the Notes on Financial Related Data, our scope as special assistant auditors to the Auditor General includes a financial audit of the entire Illinois Department of Human Services for the year ended June 30, 2011 and for the year ended June 30, 2010 (issued under separate cover), and a compliance examination of the entire Illinois Department of Human Services for the two years ended June 30, 2011.

ACCOUNTANTS' 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 or disclaimers, but contained report qualifications for compliance and internal control.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	43	39
Repeated findings	29	20
Prior recommendations implemented or not repeated	10	11

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (*GOVERNMENT AUDITING STANDARDS*)	
11-1	19	Weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year-end Department financial statements	Material Weakness
11-2	22	Inadequate controls over commodities	Significant Deficiency
11-3	26	Commodity inventory system outdated and insufficient for user needs	Significant Deficiency
11-4	28	Inadequate controls over capital asset financial reporting	Significant Deficiency
11-5	30	Weaknesses over quarterly reporting of accounts receivable	Material Weakness

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE)	
11-6	32	Child care provider addresses matched to Illinois Sex Offender Registry	Significant Deficiency and Material Noncompliance
11-7	35	Child care assistance payments and tuition	Significant Deficiency and Noncompliance
11-8	37	Contract overpayments to vendor not resolved in a timely manner	Significant Deficiency and Noncompliance
11-9	39	Preferential payments to provider not adequately supported in a timely manner	Significant Deficiency and Material Noncompliance
11-10	41	Inadequate compliance with procedures for disposal of confidential information	Significant Deficiency and Noncompliance
11-11	43	Weaknesses in contract administration	Significant Deficiency and Noncompliance
11-12	45	Internal control weaknesses in the Home Services Program	Significant Deficiency and Material Noncompliance
11-13	47	Inadequate oversight of union contracts	Significant Deficiency and Material Noncompliance
11-14	49	Lack of controls over monitoring unemployment insurance benefits paid under the Home Services Program	Significant Deficiency and Noncompliance
11-15	51	Weaknesses in processing Personal Assistants (PA) payments	Significant Deficiency and Noncompliance
11-16	53	Failure to comply with Medicare and Medicaid certification requirements	Significant Deficiency and Noncompliance
11-17	55	Noncompliance with statutory requirements	Significant Deficiency and Material Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE) – Continued	
11-18	61	Failure to reconcile grant expenditures and seek recovery of funds in a timely manner	Significant Deficiency and Noncompliance
11-19	63	Failure to timely determine the disposition of unspent grant funds	Significant Deficiency and Noncompliance
11-20	66	Weaknesses in monitoring interagency agreements	Significant Deficiency and Noncompliance
11-21	68	Inadequate controls over receipts	Significant Deficiency and Noncompliance
11-22	71	Inadequate controls over accounts receivable	Significant Deficiency and Noncompliance
11-23	75	Inadequate administration of locally held funds	Significant Deficiency and Noncompliance
11-24	81	Voucher processing, approval and payment	Significant Deficiency and Noncompliance
11-25	84	Failure to ensure expenditure reconciliations are prepared timely	Significant Deficiency and Noncompliance
11-26	85	Inadequate recordkeeping for payroll and personnel files	Significant Deficiency and Noncompliance
11-27	88	Employee performance evaluations not performed on a timely basis	Significant Deficiency and Noncompliance
11-28	90	Weaknesses in maintaining documentation of temporary employee assignments	Significant Deficiency and Noncompliance
11-29	91	Time records not maintained in compliance with the State Officials and Employees Ethics Act	Significant Deficiency and Noncompliance
11-30	93	Lack of physical control over State property	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE) – Continued	
11-31	96	Failure to transfer surplus real property	Significant Deficiency and Noncompliance
11-32	98	Controls over telecommunication services and expenditures	Significant Deficiency and Noncompliance
11-33	100	Telephone calling cards and cell phones not cancelled on a timely basis	Significant Deficiency and Noncompliance
11-34	102	Inadequate records for State vehicles assigned to Department employees	Significant Deficiency and Noncompliance
11-35	105	Contingency planning weaknesses	Significant Deficiency and Noncompliance
11-36	107	Access to Department production data not adequate restricted	Significant Deficiency and Noncompliance
11-37	108	Late submission of required reports	Significant Deficiency and Noncompliance
11-38	111	Failure to make appointments in accordance with State law	Significant Deficiency and Noncompliance
11-39	113	Noncompliance with fire safety standards	Significant Deficiency and Noncompliance
11-40	114	Failure to display proper identification	Significant Deficiency and Noncompliance
11-41	115	Failure to administer the Rapid Reintegration Pilot Program	Significant Deficiency and Noncompliance
11-42	116	Whistle blower notices not conspicuously displayed	Significant Deficiency and Noncompliance
11-43	117	Weaknesses in conducting annual eligibility redeterminations for KidCare (ALL KIDS)	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE) – Continued	

In addition, the following findings which are reported as current findings and relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

Item No.	Page	Description	Finding Type
11-1	19	Weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year-end Department financial statements	Material Weakness and Material Noncompliance
11-2	22	Inadequate controls over commodities	Significant Deficiency and Material Noncompliance
11-3	26	Commodity inventory system outdated and insufficient for user needs	Significant Deficiency and Noncompliance
11-4	28	Inadequate controls over capital asset financial reporting	Significant Deficiency and Material Noncompliance
11-5	30	Weaknesses over quarterly reporting of accounts receivable	Material Weakness and Material Noncompliance

Item No.	Page	Description
		PRIOR FINDINGS NOT REPEATED
A	119	Failure to comply with Medicare and Medicaid certification requirements
B	119	Failure to update allowance for uncollectible accounts receivable in a consistent manner
C	119	Contracts with the University of Illinois to hire subcontractors and retired State employees
D	120	Inadequate reconciliation procedures over mental health service payments
E	120	Untimely signing and execution of written contact agreements
F	120	Failure to recover grant funds by circumventing the Grants Funds Recovery Act

SCHEDULE OF FINDINGS

Item No.	Page	Description
		PRIOR FINDINGS NOT REPEATED
G	120	Grants for the Child Care Expansion Program exceeded the limit
H	120	Weaknesses in administering the Gaining Early Awareness and Readiness for Undergraduate Program
I	121	Improper transfers to the FY09 Budget Relief Fund
J	121	Inadequate controls over returned checks
K	121	Inadequate security administration function

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on June 21, 2012. Attending were:

Department of Human Services

Matthew Hammoudeh	Assistant Secretary
Carol Kraus	Chief Financial Officer
Michael Layden	Director of Fiscal Services
Debbie Abbott	Chief Internal Auditor
Dan Melliere	Bureau of Collections
Linda Saterfield	Division of Family and Community Services
Paul Thelen	Division of Family and Community Services
Debbie Bretz	Division of Family and Community Services
Julie Hagele	Deputy Chief Information Officer
Rick Nance	Division of Alcohol and Substance Abuse
Shawn Henderliter	Fiscal Officer, Office of Rehabilitation Services
Denise Matthew	Acting Bureau Chief, Expenditure Accounting
Albert Okwuegbunam	Audit Liaison
Anna Moore	Audit Liaison

Office of the Auditor General

Paul Usherwood	Audit Manager
Janis Van Durme	Audit Manager
Joe Gudgel	Audit Manager

Sikich LLP – Special Assistant Auditors

Nick Appelbaum	Partner
Andy Lascody	Partner
Nikki Lanier	Supervisor
Ann Bova	Supervisor

Responses to the recommendations were provided by Carol Kraus, Chief Financial Officer, in a letter dated June 25, 2012.

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 Human Services' (the Department) 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 two years ended June 30, 2011. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

A. The Department 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 Department 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 Department 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 Department 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 Department on behalf of the State or held in trust by the Department 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 Department's 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 Department's compliance with specified requirements.

As described in findings 11-1, 11-2, 11-4, 11-5, 11-6, 11-13 and 11-17 in the accompanying Schedule of Findings, the Department did not comply with requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. In addition, as described in finding 11-9 and 11-12 in the accompanying Schedule of Findings, the Department did not comply with requirements regarding obligating, expending, receiving and using public funds of the State in accordance with the purpose for which said funds have been appropriated or otherwise authorized by law. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2011. However, the results of our procedures disclosed other instances of noncompliance, 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 11-3, 11-7, 11-8, 11-10, 11-11, 11-14 through 11-16 and 11-18 through 11-43.

Internal Control

Management of the Department 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 Department's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing 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 Department's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *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 and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying Schedule of Findings as findings 11-1 and 11-5 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in findings 11-2 through 11-4 and 11-6 through 11-43 in the accompanying Schedule of Findings to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Department's responses to the findings identified in our examination are described in the accompanying Schedule of Findings. We did not examine the Department's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Department as of and for the years ended June 30, 2010 and 2011, which collectively comprise the Department's basic financial statements, and have issued our reports thereon dated March 31, 2011 and June 25, 2012, respectively. 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 Department. The 2010 and 2011 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 years ended June 30, 2010 and June 30, 2011 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Department's basic financial statements for the year ended June 30, 2009. In our report dated June 18, 2010, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. In our opinion, the 2009 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, 2009, 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 Department management, and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Springfield, Illinois
June 25, 2012, except for the June 30, 2011
Supplementary Information for State Compliance Purposes,
as to which the date is May 18, 2012

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Human Services (the Department), as of and for the year ended June 30, 2011, which collectively comprise the Department's basic financial statements and have issued our report thereon dated May 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Department's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Department's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 11-1 and 11-5 in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 11-2 through 11-4 in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We also conducted a State compliance examination of the Department as required by the Illinois State Auditing Act. The results of that examination are reported in the accompanying schedule of findings as items 11-6 through 11-43.

We also noted certain matters which we have reported to management of the Department in a separate letter dated June 25, 2012.

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Department's responses and, accordingly, we express no opinion on them.

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

Sikich LLP

Springfield, Illinois
May 18, 2012

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SCHEDULE OF FINDINGS

June 30, 2011

FINDINGS *(GOVERNMENT AUDITING STANDARDS)*

11-1 **FINDING:** (Weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year-end Department financial statements)

The Department of Human Services' (Department's) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller contained numerous inaccuracies and errors which resulted in changes being made to originally submitted information.

During the audit of the June 30, 2011 Department financial statements, the following exceptions were noted:

- GAAP reporting packages contained numerous inaccuracies and required corrections which delayed audit testing of the financial statements and the Schedule of Federal Awards prepared by the Department. Auditors did not receive a complete draft of the financial statements and footnotes from the Department until February 24, 2012, approximately five months late.

- The Department had not properly accounted for deferred revenue and federal grant revenue in the Early Intervention Services Revolving Fund (0502) related to the Children's Health Insurance Program (CFDA No. 93.767) and the Medical Assistance Program (CFDA No. 93.778) (regular and ARRA). When the Department prepared the schedule of lapse period draws for GAAP reporting purposes, a lapse period draw in the amount of $2.279 million was not included. This resulted in an overstatement of deferred revenue – unavailable and an understatement in federal grant revenue of $2.279 million.

- The Department had not properly accounted for prior year receivables related to WIC rebates in the U.S.D.A. Women, Infants and Children Fund (0700). In the prior year, auditors posted an adjustment to record the correct amount for the WIC rebates receivable, but the adjustment was not posted by the Illinois Office of the Comptroller. When preparing the expenditure reconciliation utilized to determine current year expenditures, the corrected amount was not considered. As a result, current year revenues and expenditures for the Special Supplemental Nutrition Program for Women, Infants, and Children program (CFDA No. 10.557) were understated on the Grant/Contract Analysis Form (SCO-563) by $11.889 million. Expenditures were originally reported as $213.841 million but should have been reported as $225.730 million. The Schedule of Expenditures of Federal Awards was revised as a result.

- The Department had not properly accounted for prior or current year liabilities related to the Children's Health Insurance Program (CFDA No. 93.767), the Medical Assistance Program (CFDA No. 93.778), and the Medical Assistance Program (ARRA) (CFDA No. 93.778). As a result, the current year expenditures on the Grant/Contract Analysis Form (SCO-563) were misstated on a cash basis. This resulted in a total understatement of $14.467 million of liabilities for the Community Mental Health Medicaid Trust Fund (0718). The Grant/Contract Analysis Form (SCO-563) and Schedule of Expenditures of Federal Awards were revised to correct the misstatement.

- Auditors noted expenditure reporting errors in the amount of $110 thousand in the U.S.D.A. Women, Infants and Children Fund (0700). When Department personnel completed the expenditure analysis which is utilized to determine reportable expenditures, amounts were erroneously included for prior year items. The amount was listed as an expenditure reporting error on the reconciliation which is utilized for program expenditures reporting to federal auditors.

- Auditors noted the Department had not timely posted payroll expenditure amounts to their accounting system. The reports which support financial reporting data had to be adjusted to include expenditures for the April 2011 payroll that were not posted until August, or four months late. This occurred in sixteen fund reporting packages for a total of $1.448 million in payroll expenditures.

Department officials cited numerous issues with the functionality of the Comptroller's WEDGE reporting system as the reason for the delays in the ability of the Department to enter financial data into the GAAP reporting packages. Additionally, Department officials stated the errors contained in the GAAP packages were due to the lack of a complete general ledger and grants management system as well as lack of a sufficient number of staff and corresponding titles to hire staff with adequate qualifications, education, and experience to prepare GAAP packages and financial statements in accordance with GAAP.

The Comptroller requires State agencies to prepare GAAP Reporting Packages for each of their funds to assist in the annual preparation of the statewide financial statements. GAAP Reporting Package instructions are specified in the Comptroller's Statewide Accounting Management System (SAMS) Manual, Chapter 27. The Comptroller sets due dates for the financial information to be submitted in order for the statewide financial statements and statewide Schedule of Expenditures of Federal Awards (SEFA) to be prepared and audited within a specified timeline to provide users of these statements information in a timely manner.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), requires all State agencies to establish and maintain a system of internal fiscal control to provide assurance that revenues, expenditures and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports.

Because of the significance of the weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year end Department financial statements, this is considered a material weakness in the Department's internal control. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The exceptions noted, if not detected and corrected, can materially misstate the Department's financial statements and negatively impact the statewide financial statements. Some of the exceptions noted pertain to federal expenditures and again, if not corrected can materially misstate the federal expenditure information used to prepare the Schedule of Expenditures of Federal Awards as part of the Statewide Single Audit. Accurate and timely preparation of the Department's financial information for GAAP reporting purposes is important due to the complexity of the Department and the impact adjustments have on the statewide financial statements. (Finding Code No. 11-1, 10-1 and 09-1)

RECOMMENDATION:

We recommend the Department implement procedures and cross-training measures to ensure GAAP Reporting Packages are prepared in a timely, accurate and complete manner. This should include allocating sufficient staff resources and the implementation of formal procedures to ensure GAAP financial information is prepared and submitted to the Office of the Comptroller in a timely and accurate manner, and that all supporting documentation is maintained in a contemporaneous manner.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. DHS will implement procedures to cross-train employees to help ensure GAAP packages are prepared timely and accurately. Additionally, DHS is in the process of hiring staff to be utilized in the GAAP reporting process.

11-2 FINDING: (Inadequate controls over commodities)

The Department of Human Services (Department) does not maintain an adequate oversight function over commodities, resulting in inadequate controls. Inventory control includes responsibilities at individual facilities, multiple warehouses, and Central Office locations.

Audit testing performed at various locations, including warehouses, facilities, schools, and centers, identified several exceptions and weaknesses over commodities inventories. The following inventory problems were noted during testing:

- Weaknesses in segregation of duties for annual inventory counting were noted at four of twenty-two (18%) locations (20 facilities and 2 warehouses). For example, Chicago Read Mental Health Center had a staff member who counted inventory and recorded the amounts to be entered in the inventory system.

- Auditors noted five of twenty (25%) facilities did not distribute written inventory procedures to the personnel conducting the count. Department Administrative Directive 01.05.07.010 – Annual Inventory Procedures states, "The cover sheet will be distributed with the annual inventory time line and instructions".

- Auditors noted count sheets utilized to document the inventory count at four facilities and one warehouse were not complete. The count sheets lacked the dates the items were counted as well as signatures of the counter or supervisor.

- The Department's Warehouse Control System (WCS) does not allow the system user to readily review the purchase history of items to ensure the commodities are accurately priced under the average cost method. Under the average cost method, inventory is valued based on the average purchase price (cost) of the items in stock. Auditors noted the average cost method is not being utilized to record the cost of commodities inventories at the two warehouses.

- Four of twenty (20%) facilities did not make timely adjustments to inventory records after the year end count was conducted.

- Auditors noted inventory counts that could not be reconciled to perpetual inventory records at six of twenty facilities (30%) and two warehouses. For example, 10 of 25 (40%) items counted at the Clyde L. Choate Mental Health and Developmental Center could not be reconciled to physical inventory records.

- Auditors noted pharmaceutical inventories for six facilities were misstated at June 30, 2011 by the value of the pharmaceuticals disbursed to patients June 27 - 30 but not posted to the Commodity Control System (CCS) until July 1 - 3. Due to the end of the fiscal year occurring midweek and the limited reporting capabilities of the CCS, a custom report was created to capture the pharmaceuticals that were disbursed from July 1st through July 3rd. However, the report which was provided to auditors for the pharmacies contained a programming error and did not accurately reflect the pharmaceuticals that were disbursed June 27 - 30 to allow for the proper statement of the year end balance. Pharmacy personnel attempted to utilize the standard weekly report and custom report to arrive at the correct year end balance. However, auditors were unable to verify test counts with the final inventory balances.

- Four of twenty facilities (20%) had inventory items that were overstocked or in excess of a twelve month supply. The Illinois Procurement Code (30 ILCS 500/50-55) states every State agency shall inventory or stock no more than a 12-month need of equipment, supplies, commodities, articles, and other items, except as otherwise authorized by the State agency's regulations. In addition, auditors noted expired items at two facilities.

- Auditors noted items were not labeled with the CCS identification number at three of twenty facilities (15%).

- Four of twenty facilities (20%) improperly recorded values of commodities inventories. For example, the hub pharmacy located at Andrew McFarland Mental Health Center but operated by Ocaps recorded a pharmaceutical item as the number of bottles on hand as opposed to milliliters resulting in an $8,105 overstatement.

- Two of twenty facilities (10%) made incorrect adjustments to the CCS after conducting the year end physical count.

- Auditors noted inventory items requisitioned from inventory and stored in smaller freezers were not returned to inventory or included in physical counts at the Illinois School for the Deaf.

- Auditors noted significant adjustments were made to the June 30, 2011 ending inventory balances at Clyde L. Choate Mental Health and Developmental Center. Both a positive adjustment in the amount of $58,848 and negative adjustment of $73,067 were made resulting in a net adjustment of $14,219 or approximately 5% of the ending inventory value of $313,795.

- In addition, auditors noted one facility with disorganized storage areas. Items were not orderly and were maintained in multiple locations.

Similar exceptions were noted at the Department in previous reports. An analysis summarizing the exceptions identified in the current and past 3 reports is noted in the following table:

Inventory Exceptions	Year Ending June 30,			
	2011	2010	2009	2008
Inadequate segregation of duties	X	X	X	X
Lack of or inadequate written inventory procedures	X			
Count sheets not properly completed	X			
Purchase history unable to be reviewed	X	X	X	X
Failure to make timely adjustments to inventory records	X			
Counts that could not be reconciled	X		X	
Improper cutoff for pharmaceutical inventories	X			
Inventory items overstocked or expired	X			
Inventory items not clearly labeled with CCS item number	X			
Improperly recording values of inventory	X	X	X	X
Incorrect adjustments made after physical count	X			
Inventory items not included in physical count	X			
Inventory items not adequately controlled	X			
Discrepancies/weakness noted in inventory balance	X			X
Inventory storage areas were disorganized	X			
Duplicate system used to track inventory			X	X
Counting not performed at all facilities		X	X	X
Failure to document who counted inventory	X			X
Net adjustments over 2% not explained				X
Errors on Summary of Commodity Control System and Other Inventories	X	X	X	X

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted accounting principles require the proper valuation and control over annual physical inventory processes to ensure complete and accurate inventories for financial reporting purposes. An improved oversight function would allow the Department to increase the accuracy of reported inventory balances and reduce deficiencies in internal control over maintaining inventory.

The Department stated they have established a centralized oversight for commodities; however, staffing shortages and the outdated system continue to contribute to the weaknesses noted for commodity inventories.

Because of the significance of the exceptions noted, specifically the overall weaknesses in the inventory and oversight function over commodities, this is considered to be a significant deficiency in the Department's internal control. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Strong internal controls would require an improved centralized oversight function related to commodities. This is important considering the Department made commodities expenditures of $34.85 million during fiscal year 2011. In addition, the Department recorded ending commodities inventories of $7.8 million at June 30, 2011. (Finding Code No. 11-2, 10-2, 09-2, 08-3, 07-4, 06-2, 05-2, 03-15, 03-17, 01-9 and 99-14)

RECOMMENDATION:

We recommend the Department continue strengthening its oversight function related to commodities to allow for improved internal controls.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation and is investigating ways to strengthen and develop a more centralized oversight function related to commodities to allow for improved internal controls.

11-3 **FINDING:** (Commodity inventory system outdated and insufficient for user needs)

The Department of Human Services (Department) Commodity Control System (CCS) is a batch entry system developed over 30 years ago that does not allow users real time inventory controls regarding inventory management and purchasing.

The CCS is utilized for inventory at all mental health and developmental centers and for the Bureau of Pharmacy and Clinical Support Services pharmaceutical warehouse. The CCS had an inventory balance of approximately $7.8 million at June 30, 2011.

The CCS does not allow the system user to readily review the purchase history of items to ensure the commodities are accurately priced under the average cost method. Under the average cost method, inventory is valued based on the average purchase price (cost) of the items in stock.

Auditors performed inventory test counts on June 29th, June 30th and July 5th. Since the CCS only provides for a weekly report, which is run on Sunday nights, actual quantities of stock are not readily available at any given time. Auditors had to reconcile their inventory count taken on June 29th, June 30th and July 5th to the quantities on the previous Sunday night's report.

The Department counted their annual inventory for all stores from June 27th to June 30th as opposed to June 30th which is the fiscal year end. As a result of the year end count, the records for eighteen locations required adjustments.

Auditors also noted pharmaceutical inventories for six facilities were misstated at June 30, 2011 by the value of the pharmaceuticals disbursed to patients June 27 - 30 but not posted to the CCS until July 1 - 3. Due to the end of the fiscal year occurring midweek and the limited reporting capabilities of the CCS, a custom report was created to capture the pharmaceuticals that were disbursed from July 1st through July 3rd. However, the report which was provided to auditors for the pharmacies contained a programming error and did not accurately reflect the pharmaceuticals that were disbursed June 27 - 30 to allow for the proper statement of the year end balance. When auditors were unable to trace test count items to the final inventory balances, pharmacy personnel indicated the reports used to reconcile the year end balance included pharmaceuticals issued the whole week but should have included only items posted July 1 - 3. The lack of an accurate transaction register caused either overstatements or understatements in the ending inventory balances of the pharmaceuticals distributed the last week of June. Pharmacy personnel stated it was not cost-effective to allocate resources to determine the differences in ending inventory values.

This finding has been reported five other times. In the response to the June 30, 2010 finding, the Department stated a decision memorandum had been drafted and approved by the executive leadership team to pursue a new real-time inventory system to allow better management of inventories. As of January 2012, Department personnel stated a decision memorandum had been implemented by the Department and a Request for Proposal (RFP) had been drafted. After the RFP is finalized, it will be released for vendor submissions.

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

In addition, generally accepted accounting principles require the proper valuation of inventory for financial reporting purposes. This would require verifying each purchase transaction and updating specific item information as purchases are made throughout the year. This includes utilizing an appropriate cost accounting system to recognize the average cost for all items. By not maintaining appropriate records, the Department's overall inventory could be misstated.

Because of the significance of the weaknesses in the Department's current Commodity Control System, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

An outdated computer inventory system may result in over-purchasing, waste, obsolescence, theft, loss, or unauthorized use of State assets, and contributed to the inadequate controls over commodities noted in finding 11-2. Recording of inventory quantity information is crucial to maintain control over and to properly manage inventory quantities, such as determining reorder and overstocking points. This is especially important due to the size of the Department and the number of users throughout the State. (Finding Code No. 11-3, 10-3, 09-3, 08-4, 07-13 and 05-17)

RECOMMENDATION:

We recommend the Department upgrade the CCS or implement a new system that includes real-time capabilities. This would allow the Department to access current inventory levels so all inventory unit costs are properly recorded.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. DHS has formed a workgroup assigned to assemble the Request for Proposal (RFP) to replace the current commodity system that includes real-time capabilities and allows the Department to access current inventory levels so all inventory unit costs are properly recorded.

11-4 **FINDING:** (Inadequate controls over capital asset financial reporting)

The Department of Human Services' (Department's) capital asset GAAP Package Forms contain several accounts that are not supported by the Department's capital asset accounting records.

During testing of the capital asset reporting system, several accounts on the GAAP Package Form *Capital Asset Summary* (SCO-538) could not be traced to supporting records. The Department knew the beginning and ending balance because they had reports that generated the year end balances. As a result, in several instances activity for the year was "netted" and recorded as an equipment addition, when in fact there may have been deletions. For example, the Department has reports that calculate depreciation expense monthly or quarterly. Since it would be cumbersome to accumulate all the reports for the year, the Department records the entire difference between beginning of year and end of year accumulated depreciation as an addition to accumulated depreciation, when in fact there are probably deletions and transfers. Although the differences between "netted" and "gross" totals are not significant, additions, deletions and transfers during the year should be supported.

The original SCO-538 was submitted to the Office of the Comptroller on October 27, 2011 or approximately two months late. However, after the initial submission the Department made significant revisions to the SCO-538 which was then resubmitted on January 26, 2012 or approximately five months late. The Department originally reported \$4.641 million of construction in progress while no amount was reported for internally generated intangible assets in development. The revised SCO-538 amount for internally generated intangible assets in development was \$3.223 million. Additionally, the liabilities associated with capital assets at June 30, 2011 as originally reported were \$1.046 million while the revised amount was \$1.888 million resulting in an increase of \$842 thousand. As the original SCO-538 was submitted after the lapse period, the Department would have had all information related to liabilities for capital assets available. Auditors also noted several other accounts which were adjusted by several hundred thousand dollars.

Auditors also noted differences from amounts reported on the SCO-538 when compared to the fund reporting packages. The Office of the Comptroller made adjustments to reclassify amounts reported as capital assets to intangible assets. This resulted in a difference of \$239 thousand in the General Revenue Fund (0001) and \$51 thousand in the Vocational Rehabilitation Fund (0081). The amounts reported in the fund reporting package were accurate; however, the SCO-538 was not revised to reflect the changes.

This finding has been reported four other times. In the response to the June 30, 2010 finding, the Department indicated they had requested and were provided an additional report and were reviewing that report to ensure accuracy and completeness. After reviewing the reports, the Department determined they were unable to utilize the information for reporting at June 30, 2011.

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

Department officials stated if additions, deletions, or net transfers are unknown, then the overall net change is used to get to an ending balance that agrees to the Department's capital asset records. Department records do not always readily reflect the components of addition, deletions, and net transfers.

Because of the significance of the exceptions noted, specifically the weaknesses in the capital asset financial reporting, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

An important element of internal control is the accurate review, reconciliation and reporting of accounting data. In addition, the Comptroller's SAMS Manual (Procedure 27.20.38) requires a State agency to report capital assets and related accumulated depreciation. (Finding Code No. 11-4, 10-4, 09-4, 08-5 and 07-5)

RECOMMENDATION:

We recommend the Department review and revise, as necessary, its current system of gathering capital asset information to improve the accuracy and timeliness of its capital asset records and devote necessary personnel to these tasks.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. The Department is considering alternatives to enhance the overall reporting capabilities of the Department's tracking systems.

11-5 FINDING: (Weaknesses over quarterly reporting of accounts receivable)

The Department of Human Services (Department) accounts receivable reporting system is cumbersome, relies on numerous subsystems, and requires manual entries.

The Office of the State Comptroller (Comptroller) Statewide Accounting Management System (SAMS) (Procedure 26.30.10) and the Illinois State Collection Act of 1986 (30 ILCS 210 et seq.) requires agencies to file quarterly accounts receivable information with the Comptroller. This is accomplished by completing a Quarterly Summary of Accounts Receivable – Accounts Receivable Activity report (Form C-97) and Aging of Total Gross Receivables (Form C-98), which are prepared and submitted to the Comptroller each quarter.

During testing of the quarterly receivable forms, the auditors noted the reports were manually compiled from multiple accounts receivable systems in order to issue a single report. The compilation is complex and cumbersome and, as a result, there is a potential for errors in reporting. The current process takes approximately 15-20 hours to complete over a period of several weeks. The Department's current primary accounts receivable system is the Accounts Receivable System (ARS) with the secondary systems in the Consolidated Accounting and Reporting System (CARS) and the Reimbursement System II (RE2). The systems need to be updated to handle the quantity of transactions processed by the Department.

Auditors noted the quarterly Form C-98 submitted to the Comptroller contained differences that could not be reconciled with the Department's supporting documentation. For example, for the Mental Health Fund (Fund 0050), receivable balances each quarter consist of balances from CARS, RE2, plus entries for Medicare Part D and postage reimbursements. The Department does not maintain a detail accounts receivable subsidiary ledger to support the detail of the ending Fund 0050 quarterly balances. Rather, the Department generally takes the beginning quarterly receivable balance, adds new receivables and deletes payments to derive an ending quarterly balance. Auditors reviewed the supporting documentation for these receivables but were unable to reconcile the amounts to the totals reported for the quarter end. For fiscal year 2011, differences ranged from $13 million to $23 million at the end of each quarter.

Auditors also noted there were Form C-98's generated for funds that do not report receivables. Department personnel indicated that CARS will populate receivable amounts for funds that actually do not have receivables. According to Department personnel, these amounts are populated in error and must be zeroed out manually.

Additionally, the Group Home Loan Revolving Fund (Fund 0025) was not included in the C-97 report for fiscal years 2010 and 2011. The Group Home Loan Revolving Fund total amount of loans receivable was approximately $26,000 for fiscal year end 2011.

In response to this prior finding, the Department has developed formal written policies and procedures to document its existing system and cross-trained other workers on preparing the required reports. It appears there is a methodology for accumulating quarterly accounts receivable information, but limitations in current systems make it cumbersome and difficult to support. However, due to the size of the Department and the balance of accounts receivable (approximately $509 million), the current process for compiling the data does not efficiently or effectively integrate automation of its accounts receivable activity into the Department's financial accounting system, CARS, and makes it difficult to prepare an accurate aging of the Department's accounts receivable.

Because of the significance of the weaknesses in the Department's accounts receivable reporting system, this is considered a material weakness in the Department's internal control. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Failure to maintain a centralized and automated accounts receivable system could hinder the Department's ability to timely and accurately report accounts receivable balances. The current process also increases the possibility there are unrecorded accounts receivable, interest or double counted amounts. (Finding Code No. 11-5, 09-24 and 07-16)

RECOMMENDATION:

We recommend the Department implement a Department-wide accounts receivable system, working with the appropriate parties regarding any possible state-wide consolidated accounting system initiatives.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. The Department continues to review the Accounts Receivable agency wide. Based on the results of the review, we will establish and implement any changes as solutions occur. DHS would like to see one uniform Accounts Receivable System that would handle all DHS debt and would satisfy all receivable functions including financial reporting. Until a Statewide solution is implemented the Department will work to improve the systems it currently maintains.

FINDINGS (STATE COMPLIANCE)

11-6 **<u>FINDING</u>:** (Child care provider addresses matched to Illinois Sex Offender Registry)

The Department of Human Services' (Department) Child Care Assistance Program (CCAP) provides low-income, working families with access to quality, affordable child care that allows them to continue working. Child care services in Illinois are provided through a system of government agencies, not-for profit agencies, regional resource and referral agencies, community child care facilities, and organizations representing the interests of children, families and providers.

Participants choose the child care provider who best fits their individual needs, and care is available on a full-time or part-time basis including care before and after school. Parents can use licensed or license-exempt child care centers, family homes, licensed group child care homes, in-home and/or relative care. Parents that participate in the program share in the cost of the child care in the form of a co-payment. The parent co-payment is based on income, family size, number of children, and the number of hours per week the child(ren) is(are) approved for care.

According to the Department's' Annual Child Care Report, in fiscal year 2010 the CCAP supported an average of 168,000 children from 89,900 families each month. The Department expended $794 million related to child care assistance in fiscal year 2010.

Sex Offender Registry Match

The Department's rules (89 Ill. Adm. Code Sec. 50.240c) require that payments will not be made to a provider (even if operating within a setting exempt from licensing) who has been convicted of crimes enumerated in 89 Ill. Adm. Code 385, Background Checks, nor will such person be considered available to provide care. These background checks include whether the provider is included on the Illinois Sex Offender Registry.

The Department's Child Care Program Manual (05.01.01) states, "*Payments will not be made to a provider (even if operating within a setting exempt from licensing) who has been convicted of crimes enumerated in 89 Ill. Adm. Code 385, Background Checks.*" The Department's Child Care Manual also bars anyone from ***"residing in a family home in which a child care facility operates"*** (05.04.01) who has been included in the Illinois Sex Offender Registry or convicted of committing or attempting to commit a variety of serious criminal offenses.

In the previous finding, auditors noted 90 instances where a child care provider's address matched an address of a registered sex offender. Of those ninety providers, the Department determined 59 were no longer providing services and 6 providers had incorrect addresses listed. One provider was a registered sex offender; however, he is no longer providing child care services. For the remaining 24 providers, the Department sent letters to the parents of the children involved notifying them that a sex offender is listed at the same address.

In order to follow up on the prior year finding, auditors requested a listing of the current addresses of the child care providers who were noted to have a sex offender registered at their address. Auditors noted 16 providers who listed addresses that still matched the address of a registered sex offender. Of the 16 providers, the Department indicated 11 of them are no longer providing child care services. In 5 cases, the provider's address still matches the address of a sex offender. The Department stated the Child Care Resource and Referral office responsible for administering payments to the provider was notified to close out the provider and send the parent a change of provider form. However, documentation provided to auditors did not enable them to verify the action taken with providers.

Department officials stated a lack of staff and resources contributed to the discrepancies noted.

In the previous finding, auditors noted systems were not in place to routinely match to the Illinois Sex Offender Registry. The current process is still limited to matching names and not addresses to the Illinois Sex Offender Registry. The Department indicated they are working with another State agency on a software program that would enable them to match addresses; however, the program is currently in the test stage.

According to Department policy (05.03.01), all persons 13 years and older living in the provider's home are checked against the Department of Children and Family Services, Child Abuse and Neglect Tracking System (CANTS). In the previous finding, auditors noted the Department did not provide a space for applicants or providers to list other persons that live in the same household as the provider on the Child Care application. As a result of the finding, the Department modified the Child Care application to include space for applicants or providers to list other persons that live in the same household as the provider.

Public Act 96-632

Effective August 24, 2009, Public Act 96-632 established a criminal history record checks task force to review and make recommendations to create a more centralized and coordinated process for conducting criminal history record checks. The task force is required to provide a plan to revise the criminal history record checks process to the General Assembly by January 1, 2011. The Department is required to have a representative on this task force. The Department is also required to promulgate rules to set standards for determining when to disqualify an unlicensed child care provider for payment.

Failure to follow established Department rules and policies has led to putting children at risk when receiving child care at certain providers. (Finding Code No. 11-6, 09-7)

RECOMMENDATION:

We recommend the Department ensure that children for which the State is assisting with child care costs are not placed in arrangements in which the provider or other members of the household are listed on the Illinois Sex Offender Registry. Specifically, the Department should implement systems to allow the Department to periodically match the addresses of child care providers with those addresses listed in the Illinois Sex Offender Registry.

DEPARTMENT RESPONSE:

Agree. Currently, DHS has entered into an IGA with DCFS to perform the background checks for license-exempt providers. The background check performed is the same background check that DCFS performs for child care providers under licensure. The Sex Offender Registry System (SORS) check is currently done by name, not by address. Since DCFS does not currently check addresses for those individuals seeking a license, it is an additional burden to add the address check to this process. Given that DCFS is unable to conduct background checks for licensed providers in a timely manner, it is unlikely that we can add to their work with this request and expect timely results. We will explore enhancing our technology system to determine if we can perform the address match through our own database.

We wish to stipulate that the Sex Offender Registry is not maintained or monitored by the ISP. An address match is not definitive and will require additional research by staff to determine if the match is accurate. It is unlikely that there will be additional resources available in the coming fiscal year to devote to this project.

11-7 **FINDING:** (Child care assistance payments and tuition)

In July 2009, the Office of the Auditor General released a Management Audit of the $1 Million Grant to Loop Lab School. The audit contained a recommendation to the Department of Human Services (Department) regarding the use of child care assistance funds for tuition payments. As part of the compliance examination of the Department, testing was conducted to determine if other providers were also using child care funds to cover the cost of tuition.

According to Department policy, school age children attending a private or parochial school are not eligible for child care assistance to cover the cost of tuition. Department policy defines "school age" as a child who turns 5 on or before September 1 and is enrolled in kindergarten or a child who is 6-12 years of age and is enrolled in school. The policy further states if kindergarten is provided at a child care center, the child is only eligible to receive child care services for the portion of the day that is not spent in kindergarten and any tuition for the kindergarten program must be paid by the parent (Department policy 01.04.02).

The Department provided a download of school age children who received full-time child care assistance during fiscal years 2010 and 2011 for certified providers. Full-time care is defined as five hours or more of care during each day. The download provided by the Department contained 731,201 payments for a total of $181,459,423 for fiscal year 2010, and 753,568 payments for a total of $220,738,195 in fiscal year 2011.

A sample of 26 payments to providers for school aged clients receiving full-time reimbursement was selected for testing. Files for these 26 clients were examined at their respective Child Care Resource and Referral (CCR&R) agency office (Springfield and Bloomington) to determine if these funds may have been used for tuition purposes. The Department contracts with 18 CCR&Rs around the State to operate the Child Care Assistance Program.

Auditors did not note instances of tuition payments being made with child care assistance monies; however, other exceptions were noted as a result of testing procedures performed:

- Two of 13 (15%) cases tested at Bloomington noted providers were paid for days for which they were not eligible. For example, in one case the provider was paid for the maximum number of days in November even though they were not the provider for the entire month. The overpayments totaled $215.

During the review of case files, auditors also noted there was no system in place to substantiate the actual hours of child care provided when more than one child care provider was being utilized. In some cases, clients are allowed to choose more than one provider for child care. Providers complete a record of hours worked to submit for reimbursement; however, the Department does not substantiate the actual hours claimed by providers. Department officials stated a higher risk of abuse is present for clients with multiple providers. As the Department does not require substantiation of the hours claimed, it is difficult to prove hours were claimed over hours actually provided.

Department officials stated the contributing factor to the finding was the need to improve internal controls.

The Department has not implemented the recommendations presented in the original finding (09-8).

- While auditors noted no situations in which individuals attending private or parochial school received full time reimbursement, the Department does not require the parents and guardians of children to disclose this information on the child care application as per the previous audit recommendation.

- From discussions with employees of the CCR&R, auditors noted certified providers and care centers maintain records pertaining to the hours a child is in care. However, private providers caring for children in their home do not maintain records of the hours of care provided as the Department does not have a policy in place requiring private providers to retain that documentation.

Failure to follow established Department policy has led to overpayments being made to providers. (Finding Code No. 11-7, 09-8)

RECOMMENDATION:

We recommend the Department strengthen its internal controls over the payment of child care funds for school aged children. Specifically, the Department should:

- Ask parents and guardians to disclose whether school age children attending private or parochial schools for care are attending classes with the provider.

- Verify for providers receiving full-time reimbursement that the hours in care do not include the school day.

- Ensure that providers, including private providers, keep appropriate documentation to show the hours in care.

- Implement controls to monitor actual hours provided when multiple child care providers are utilized.

DEPARTMENT RESPONSE:

Agree. The Bureau of Child Care Development agreed that internal controls need to be strengthened regarding payment of child care funds for school aged children. The Bureau has already implemented the three recommendations listed.

11-8 FINDING: (Contract overpayments to vendor not resolved in a timely manner)

The Department of Human Services' (Department's) Division of Mental Health has been in the process of converting from grant based payments to fee-for-service payments to providers of mental health services with the aid of an Administrative Service Organization (ASO). During testing, auditors noted overpayments to the ASO were not resolved in a timely manner.

The contracts with the ASO stated final contract payments would be made to the ASO no sooner than 30 days following the end of each fiscal year's contract. This contract provision was to allow time for the Department to determine if performance measures were met and if any amounts should be withheld from the final payments. Final payments for fiscal year 2008, 2009, and 2010 were processed in the Department's Consolidated Accounting and Reporting System (CARS) on June 9, 2008, July 2, 2009, and June 22, 2010 respectively, prior to final review of performance measurements and overpayments. The Department subsequently noted it overpaid the ASO $1,785,185 for fiscal year 2008. The Department notified the ASO of the overpayment on September 25, 2008 and that the overpayment would be applied toward fiscal year 2009 contract payments. However, only part of the overpayment was recovered in 2009 and 2010. Efforts were made in fiscal year 2011 to recoup the overpayments; however, since the ASO did not incur actual costs equivalent to the original contract amount plus change orders, an overpayment remains.

Based on an analysis of over/under payments and contract adjustments over the previous four fiscal years, the ASO has received net overpayments from the Department totaling $1,366,259 as of June 30, 2011. As a result, the ASO remains prepaid for services.

As noted in a finding in the previous compliance report, the Department made errors when deducting performance penalty amounts from subsequent year payments. Auditors noted the Department made additional errors when calculating amounts such as the reduction in the fiscal year 2011 contract. Continued overpayments to the ASO, along with the failure to recoup overpayments and performance penalty amounts against subsequent year's costs indicates a lack of contract monitoring. Failure to properly monitor the contract with the ASO could hinder the Department's efforts in transitioning to a fee-for-service system which could delay the Department's ability to provide improved mental health services and maximize federal funds earned.

Department officials stated the failure to properly monitor the ASO contract was due to the lack of trained personnel.

The previous finding noted numerous other weaknesses over implementing the fee-for-service conversion. Most of these weaknesses regarded the timely completion of the conversion, and agreements with the University of Illinois (U of I) to hire retired Department personnel. The fee-for-service conversion is basically complete and contracts with the U of I have ended, so these portions of the previous finding are not repeated. (Finding Code No. 11-8, 09-9)

RECOMMENDATION:

We recommend the Department strengthen their controls and review all contract expenditure reports and performance measures to ensure all payments are in accordance with the contact and any overpayments have been properly offset or recouped.

DEPARTMENT RESPONSE:

Agree. The Department will strengthen its controls and review all contract expenditure reports and performance measures to ensure all payments are made in accordance with the contract and recoup any overpayments.

11-9 FINDING: (Preferential payments to provider not adequately supported in a timely manner)

The Department of Human Services (Department) made preferential payments to a mental health provider (provider) which the provider could not support in a timely manner. Such payments included advances, a $1.2 million safety-net payment, and catch-up payments.

These special payments relate to the provider's contract involving Medicaid Reimbursable costs (MRO). The MRO contract with the provider for fiscal year 2009 was $6.7 million. Under the old reimbursement system, this amount would have been paid out in equal monthly payments and reconciled with approved billings at the end of the fiscal year. However, during fiscal year 2009, the Department converted the MRO program to fee-for-service which would pay the provider based on their approved billings. Consequently, the provider's monthly payments dropped significantly at the start of fiscal year 2009 from $562,572 to $329,544 per month. The provider informed the Department they were experiencing financial difficulties. In September of 2008, the Director of Mental Health approved issuance of $692,573 in 'catch-up' payments and advanced to the provider their $562,572 June 2009 payment. After the Director's involvement, the provider received regular monthly payments as though they operated under the old reimbursement system instead of the fee-for-service system. By May 6, 2009, the provider had received 100% of their contracted MRO amount.

In May 2009, the provider requested additional funding due to financial hardship. Their independent audit report later revealed a liability for $1 million in back payroll taxes, penalties and interest. The Department agreed to give the provider additional funds and issued them a $1.2 million safety net payment on June 10, 2009 through a contract amendment. A safety net payment as set forth in the executed contract between the Department and the provider is an expenditure to the provider in order to sustain consumer access levels.

When the provider submitted its grant report with its fiscal year 2009 financial reporting package in December of 2009, it failed to include expenditures for 9 programs, including those related to the safety net funding. After months of correspondence from the Department, the provider submitted a revised grant report on June 21, 2011, approximately 18 months after the original report was submitted. The provider's revised grant report included expenditures for all the previous missing programs. The expenditures related to the safety net funding were lumped together with other special projects rather than accounted for separately. The revised grant report noted unspent funds totaling $192,750 of which $50,980 related to special projects. On August 31, 2011, an Administrative Law Judge ordered the repayment of these unspent grant funds over a four month period ending November 30, 2011. As of January 31, 2012, only $50,000 had been recovered. An overall weakness by the Department to recover unspent funds is also addressed in finding 11-18. As a result, the provider did not account for safety net payments of $1.2 million received in July 2009 for more than two years.

Department officials stated the unintentional lack of oversight and staffing changes contributed to discrepancies noted.

The Department converted to a fee-for-service reimbursement process to encourage productivity, efficiency, and accountability and to improve mental health services and maximize federal funds received. In this instance, the process failed as preferential payments had to be made to this provider and the provider lacked timely accountability for funds spent, potentially wasting state resources and jeopardizing services to recipients. (Finding Code No. 11-9)

RECOMMENDATION:

We recommend the Department make payments to providers in accordance with contract terms and Department policies and procedures. The Department should also hold providers accountable when they fail to submit complete financial information.

DEPARTMENT RESPONSE:

Agree. The Department will strengthen its controls to ensure payments are made to providers in accordance with contract terms and Department policies and procedures. The Department will also enhance its process to hold providers accountable when they fail to submit complete financial information.

11-10 FINDING: (Inadequate compliance with procedures for disposal of confidential information)

The Department of Human Services (Department) has not ensured its compliance with procedures for disposal of documents containing confidential and sensitive information.

The Department regularly collects and maintains various types of documents, including confidential and personal identifiable information, necessary for fulfilling its mission. Although the Department has established several administrative directives regarding the disposal of confidential information, procedures for properly disposing of confidential information were not always being followed by Department employees.

During walkthroughs at the Department's Central Office, auditors found unlocked shred bins in open areas that were clearly marked as shred. Auditors also found multiple boxes of documents that contained confidential information in the Fiscal Operations area.

Several documents containing confidential information were found in trash or recycle bins while performing testing at certain Department facilities. Additionally, some facilities were not maintaining confidential information in secured areas. For example:

- At the Clyde L. Choate Mental Health and Developmental Center, several examples of personal information (patient names, dates of birth, patient ID numbers) were found in waste baskets at the Center and in trash bags in the Center's dumpster.

- At the Elgin Mental Health Center, confidential patient records in the North Wing of the Wines Building were not adequately secured from access by unauthorized individuals.

- At the William W. Fox Developmental Center, documents containing a patient's name, medical condition, and treatment schedule were found in a waste basket.

- At the Ann M. Kiley Developmental Center, numerous examples of personal information were found within unsecured recycle bins.

- At the Jack Mabley Developmental Center, several documents showing Medicare vendor billing statements, which included individual's names, account numbers, and summaries of medications provided were found in a plastic storage container kept in the employee lounge area.

- At the Rushville Treatment and Detention Facility, the auditors noted that the records room, which contains criminal and personal records of current and past residents, was not locked or staffed by any employees from 5pm – 7pm nightly. Furthermore, the Facility did not maintain a listing of employees and their level of authorization to resident file information.

Confidential, sensitive and personal identifiable (including personal health information) information collected and maintained by the Department should be adequately secured at all times. As such, it is the Department's responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to all personnel, and continually enforced. Inherent within this responsibility is the requirement of adequate disposition of all confidential information that is no longer needed.

Department personnel stated the lack of employee oversight contributed to noncompliance with Department policy.

Failure by the Department to enforce compliance with its procedures to protect and timely dispose of confidential information can lead to such information being compromised. (Finding Code No. 11-10, 09-12, 07-9, 05-25)

RECOMMENDATION:

The Department should ensure confidential information is adequately protected. The Department should effectively communicate and enforce its procedures for safeguarding, retention, and subsequent disposal of all confidential information to all Department personnel, including facilities.

DEPARTMENT RESPONSE:

Agree. The Department will ensure confidential information is adequately protected and that procedures for safeguarding, retention and subsequent disposal of all confidential information should be effectively communicated to all Department personnel, including facilities.

11-11 FINDING: (Weaknesses in contract administration)

The Department of Human Services (Department) failed to ensure proper controls were established in the administration of its contracts during the examination period.

During testing of 60 contractual agreements, the following weaknesses were identified in contract administration:

- 2 of 60 (3%) contract agreements totaling $171,700 did not include the State Board of Elections Certification. Illinois Office of the Comptroller Statewide Accounting Management System (SAMS) procedure 15.20.30 regarding professional or artistic contracts and procedure 15.20.50 regarding other contract liabilities require these contracts include the State Board of Elections Certification.

- 2 of 60 (3%) contractual agreements were executed before the Contract/Agreement Approval Form (CAAF) was fully signed. The Department entered into contracts 3 to 55 days before the CAAF was fully signed. Department Administrative Directive 01.07.01.010 requires a CAAF be correctly completed, fully signed, and submitted before the Office of Contract Administration (OCA) processes the contract.

- 1 of 60 (1%) contract agreements totaling $2,918,520 failed to list the addresses of the subcontractors. The Illinois Procurement Code (30 ILCS 500/20-120(a)) states, "The contract shall include the names and addresses of all known subcontractors with subcontracts with an annual value of more than $25,000 and the expected amount of money each will receive under the contract."

- 1 of 60 (1%) contract agreements totaling $30,000 failed to include the Illinois Use Tax Certification. Illinois Office of the Comptroller Statewide Accounting Management System (SAMS) procedure 15.20.30 regarding professional or artistic contracts and procedure 15.20.50 regarding other contract liabilities require these contracts include the Illinois Use Tax Certification.

- 5 of 60 (8%) administrative contracts totaling $606,693 were not filed timely with the Comptroller's Office. The Department filed contracts with the Comptroller's Office 43 to 346 days after the execution of the contract. Illinois Office of the Comptroller Statewide Accounting Management System (SAMS) procedure 15.20.30 regarding professional or artistic contracts and procedure 15.20.50 regarding other contract liabilities require these contracts be filed with the Comptroller within 15 calendar days after execution.

- 6 of 60 (10%) contractual agreements contained multiple CAAF forms to illustrate approvals. Department policy requires a Contract/Agreement Approval Form (CAAF) be completed for each contract or any amendment which increases the dollar amount contracted. Department Administrative Directive 01.07.01.010 requires all necessary signatures and initials be originals and on the same page of the CAAF. Department personnel stated the final approval process is performed at weekly roundtable group meetings where the CAAF is to be signed. They indicated it has become increasingly difficult to get all of the people required to sign the CAAF at the meetings at the same time. The roundtable meetings have transitioned to teleconferences and CAAF forms are signed and faxed in at various times. Consequently, more than one copy of the CAAF appears in some contract files.

Department officials stated the contracts did not include the required components and were not filed in a timely manner due to the number of contracts processed by the Department and the time it requires to process and approve contracts after receipt.

Failure to properly administer and monitor contractual agreements to ensure compliance with all applicable statutes, procedures, and Administrative Directives could potentially compromise public accountability and oversight. In addition, a lack of monitoring increases the risk of paying for services which are not provided and can lead to goods or services being provided that fail to meet the criteria outlined in the contractual agreements. (Finding Code No. 11-11, 09-13)

RECOMMENDATION:

We recommend the Department:

- Follow procedures to include all State Board of Elections Certifications;
- Follow procedures to ensure all contracts have the required components;
- Follow procedures to include all Illinois Use Tax Certifications;
- Follow procedures to file all contracts with the Office of the Comptroller in a timely manner; and,
- Strengthen the CAAF approval process to ensure all required signatures are obtained in a timely manner on the original CAAF, or consider amending the Administrative Directive to take into consideration the use of teleconferencing.

DEPARTMENT RESPONSE:

Agree. The Department will ensure that proper controls are established in the administration of its contracts.

11-12 **FINDING:** (Internal control weaknesses in the Home Services Program)

During testing, numerous internal control weaknesses were identified in the Department of Human Services' (Department) Home Services Program (HSP) managed by the Department's Division of Rehabilitation Services (DRS). These weaknesses were first noted in a review of the HSP that Department management had performed in fiscal year 2005.

The Home Services Program allows individuals with disabilities (customers) who are at risk of placement in a nursing home to remain in their homes. According to the Department, this is accomplished through use of a variety of services, the most prevalent of which is the use of individual caregivers known as personal assistants. During fiscal years 2010 and 2011, the Home Services Program maintained 41 offices and, over the course of those two years, on behalf of the customers, paid 40,934 personal assistants at a cost of $383,286,341 and paid 40,787 personal assistants at a cost of $412,200,102, respectively. Personal assistants are hired, supervised, and fired by the customer. The customer may hire a relative or other acquaintance as a personal assistant. Because the customer approves timesheets, and Department reviews are not adequate, personal assistants may be paid for excessive hours. The HSP also has a fraud division that was established to identify and address fraudulent activities in this area.

The auditors noted through testing and discussions with HSP and fraud division personnel that the following weaknesses were still prevalent during the current engagement period:

- The Home Services Program relies on the customer under an "honor system" to guard against abuse and to ensure compliance. The customer is responsible for approving and signing their personal assistant's timesheet. The supervisor reviews a sample of the case files, but not all timesheets are reviewed.

- There were inconsistencies throughout the local offices in the supervisor's monitoring of the counselors' activities. Several supervisors utilize GroupWise calendars, scheduling boards, and frequent interaction with the counselors to ensure they are performing their job duties.

- There was insufficient monitoring of case files to ensure program objectives were being met. There is only one supervisor at each of the 41 local offices to monitor Home Services Program activities. On average, each supervisor was responsible for approximately 890 case files during fiscal years 2010 and 2011. During the previous audit report period, management indicated the statewide average responsibility per supervisor was approximately 680 case files. On average, local offices typically have three to four districts with one counselor per district. HSP management stated statewide average caseload per counselor is approximately 222 cases.

- During testing at four local offices, auditors noted there were many cases that did not contain a timely redetermination of need. The customer receiving services is to be visited by the Case Counselor once annually and the counselor is to perform a redetermination at this meeting. Of the 40 files tested, auditors noted 17 (43%) did not contain a timely redetermination. While performing testing at one local office, the case manager informed auditors the counselors at that location often perform their redeterminations over the phone. The Determination of Need (DON) manual states the redetermination must be performed in the customer's home, unless they are currently in the hospital or nursing home.

- Auditors noted insufficient controls in the payroll system used for processing personal assistants' payroll. These weaknesses are addressed in finding 11-15.

Department officials stated the discrepancies noted were due to lack of oversight and continuing staff shortages.

In response to the previous finding, the Department made efforts to decrease the average caseload per counselor. They were successful in decreasing the overall average caseload per counselor from 610 to 222 in the current year. However, many local offices continue to have caseloads of 300-400 per counselor.

Adequate review, monitoring and staffing are important to provide internal controls over the Home Services Program due to the size and decentralization of the program. (Finding Code No.11-12, 09-15, 07-7, 05-4)

RECOMMENDATION:

We recommend the Department implement procedures to strengthen internal controls over the Home Services Program as follows:

- Implement controls to monitor and ensure accuracy in the timekeeping process for personal assistants.

- Continue to show improvement in its caseload per counselor through the allocation of resources or alternative controls.

DEPARTMENT RESPONSE:

Agree. The Department will implement additional controls regarding timekeeping accuracy and reducing the caseload per counselor.

11-13 FINDING: (Inadequate oversight of union contracts)

The Department of Human Services (Department) did not adequately monitor its two contracts with the union which provides health insurance for personal assistants and home day care providers.

One agreement requires the State to pay $62 million over the course of 4 years to provide healthcare benefits to eligible personal assistants who work for customers receiving services in the Department's Division of Rehabilitation Services Home Services Program. The following problems were noted during testing of this agreement:

- Under the terms of the agreement, the provider was required to submit an independent audit report of its insurance fund by August 15 of each fiscal year. In fiscal years 2010 and 2011, the Department received the audit reports 43 and 119 days late, respectively. The Department did not seek recourse during the period of noncompliance.

- Under the terms of the agreement, the provider was required to submit a copy of the Fund's annual financial report by March 15, 2011. The Department did not receive this report until January 10, 2012, or 301 days late. The Department did not seek recourse during the period of noncompliance.

The other agreement requires the State pay $82 million over the course of 3 years to provide healthcare benefits to eligible home day care providers who participate in the Department's Bureau of Child Care and Development, Child Care Assistance Program. The auditors noted the home day care provider renewal agreement omits requirements the provider submit reports of financial accountability. The original contract required the submission of an independent audit report with supplemental revenue and expense data to enable the State to perform fiscal monitoring and to account for the usage of funds paid to the union. The renewal agreement requires the provider submit only a report of how many individuals are enrolled in the provider health care fund to receive benefits for the upcoming quarter.

The renewal contract no longer requires the following submissions to the State:

- An annual summary of the health insurance program;
- The coverage options available to eligible participants;
- The total dollar amount of benefits paid on behalf of the covered participants;
- Administrative expenses and the amount held as reserves;
- Amounts paid to designated benefit plan to manage the health insurance program;
- Annual benefit plan financial report required to be filed (Federal Form 5500).

Department officials stated the failure to adequately monitor the contracts was due to a lack of oversight.

Failure to require these submissions diminishes the Department's ability to monitor the use of State funds and the performance of the providers' health care fund.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. (Finding Code No. 11-13)

RECOMMENDATION:

We recommend the Department strengthen its oversight function related to the union agreements and maintain accountability when they fail to submit required reports on a timely basis.

DEPARTMENT RESPONSE:

Agree. The Department will strengthen its oversight function related to the union agreements and maintain accountability when they fail to submit required reports on a timely basis.

11-14 FINDING: (Lack of controls over monitoring unemployment insurance benefits paid under the Home Services Program)

The Department of Human Services' (Department) Home Services Program (Program) did not have adequate controls over monitoring unemployment insurance benefits paid by the Illinois Department of Employment Security (IDES) to Personal Assistants (PA) employed by customers of the Program.

The Program assists individuals with severe disabilities who need assistance with daily living activities in their homes. One of the services provided by the Program is Personal Assistant Services. PA's provide assistance with household tasks, personal care and, with permission of a physician, certain health care procedures. PA's are selected, employed and supervised by the customer. However, the Department makes payments directly to the PA's. Therefore, IDES forwards claims for unemployment insurance benefits from PA's on Form BIS-032, Notice of Claim to: Chargeable Employer or Other Interested Party, to the Department for review prior to payment by IDES.

The Illinois Unemployment Insurance Act (Act) (820 ILCS 405/1404B) requires IDES to send the Department a report, BEN-118R, which is a quarterly statement of benefits paid to claimants and charged to the Department. The report lists the name of each claimant, the amount paid during the quarter, and the weeks to which the benefits applied. The Department is required by the Act to review the report and protest questionable charges within 20 days after IDES mails the report.

Auditors tested a sample of 25 unemployment claimants of the Program during the audit period and noted the following weaknesses:

- Fourteen of 25 (56%) claims, for which benefits were paid, did not have the required benefit claim documentation on file at the Department.

- One of 25 (4%) claims was not protested by the Department although they were aware the claimant was still working as a PA at the time of the claim.

Department personnel are responsible for reviewing the BEN-118R quarterly reports to ensure all claimants reported on the report were entitled to unemployment benefits paid by IDES on behalf of the Department.

Department officials stated a large increase in the work needed by Agency staff to monitor this issue, both from a rise in the number of claims and the requirement to complete work formerly performed by another agency, created a situation where the workload was impossible for the current staffing to manage.

In response to this previous finding, Department officials stated they were reallocating resources and responsibility to ensure this function is adequately staffed and were formalizing the procedures to ensure adequate controls over monitoring unemployment insurance benefit claims to PA's. However, in the previous audit, auditors noted two of 25 (8%) claims tested did not have the required benefit claim documentation on file. This increased to 14 of 25 (56%) claims tested during the current audit.

Failure to adequately review the BEN-118R report prevents the collection of overpayments to claimants who were not entitled to the benefits. (Finding Code No. 11-14, 09-16)

RECOMMENDATION:

We recommend the Department strengthen controls over monitoring unemployment insurance benefits claims to PA's. The controls should ensure timely review and completion of the BIS-032 forms and the BEN-118R reports and maintenance of adequate supporting files for each claimant.

DEPARTMENT RESPONSE:

Agree. The Department will work to strengthen its controls over monitoring of unemployment insurance benefits for PAs.

11-15 <u>FINDING</u>: (Weaknesses in processing Personal Assistants (PA) payments)

The Department of Human Services (Department) did not ensure adequate internal controls existed for processing its Rehabilitation Services' Personal Assistants (PA) timesheets within the STARS payroll system. Specifically, auditors noted the following:

- Although procedures existed for entering the PA timesheets into the system, auditors found no formal Department-wide procedures for reviewing the accuracy of timesheets prior to entry into the system existed. Department staff stated each field office used its own review process. However, during testing at four field offices auditors found no formal procedures existed.

- No supervisory approval was required for overriding system warnings associated with service plan overages or more than one timesheet per pay period. Auditors found no record these overrides were maintained or reviewed.

- No reconciliation was performed of the PA warrants to the timesheets. Auditors found no formal procedures existed to ensure a Personal Assistant was not paid more than permitted.

During testing of a sample of 50 PA timesheets to payroll, auditors identified the following exceptions:

- In 1 of 50 (2%) files tested, it was noted the hours paid to a personal assistant varied from the hours recorded on the timesheet. This resulted in an overpayment of $728.

- In 13 of 50 (26%) files tested, auditors noted personal assistant timesheets lacked Department approval prior to payment. Of those, 12 occurred in the Galesburg office.

- In 1 of 50 (2%) files tested, the Department could not provide timesheets for the personal assistant. Therefore, auditors were unable to test whether the file complied with the Department's policies and procedures.

Generally accepted information technology guidance requires systems have adequate written policies and procedures and input, processing, and output controls. IT general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure the processing of transactions are performed in accordance with laws and regulations and with management's design and intent.

Department officials stated the growth of the program to its current level, coupled with staff changes have left controls, which were designed for the program when it was much smaller, to be less adequate at its current size.

Failure to establish adequate internal controls over processing payroll, including reconciliation procedures, could result in the Department incorrectly processing payments to PAs. (Finding Code No. 11-15)

<u>RECOMMENDATION</u>:

We recommend the Department:

- Establish formal Department-wide procedures for processing the PA payroll, including procedures for reviewing the accuracy of timesheets prior to entry into the system. Procedures should address monitoring of the payroll process to ensure timesheets are completed properly and a PA is not paid more than permitted.

- Require supervisory approval to override system warnings associated with service plan overages or more than one timesheet per pay period. A record of these override approvals should be maintained and reviewed.

- Perform a reconciliation of PA timesheets to the payroll warrants.

<u>DEPARTMENT RESPONSE</u>:

Agree. The Department will work to create a formal procedure regarding the validation and entry of PA timesheets.

11-16 FINDING: (Failure to comply with Medicare and Medicaid certification requirements)

One of the Department of Human Services' (Department's) facilities, Tinley Park Mental Health Center (Tinley), continued to remain decertified during fiscal year 2011 due to failure to comply with requirements to be certified as an eligible Medicare or Medicaid service provider.

The certification of State operated centers is administered by different organizations depending on their type. Mental health centers must comply with requirements reviewed by the Centers for Medicare and Medicaid Services (CMMS). The certification requirements are numerous and complex.

Tinley, which was decertified on February 23, 2007, had applied for its recertification with the CMMS. A three day certification survey was completed on September 16, 2009. On October 21, 2009 CMMS issued their report ruling that Tinley remained out of compliance with "Special Conditions of Participation" and that the facility remain decertified. The Department disagreed with the CMMS report and filed an appeal on December 16, 2009 which was denied. A request for a hearing was submitted to the CMMS administrative law judges which was also denied. As a result, the Department must initiate a new application for CMMS certification.

Department personnel stated a new application had been prepared to begin the certification process. Before the application process was complete, it was announced Tinley would close with a tentative closure date of July 2012. After the closure was announced, the Department did not move forward with the application for certification.

As of June 30, 2011, Tinley did not maintain housing for any Medicare/Medicaid patients. Therefore, the Department stated there was no revenue lost as a result of the decertification during fiscal year 2011. Due to the decertification at Tinley, a screening process was implemented at John J. Madden Mental Health Center to identify patients with Medicaid or Medicare eligibility. These patients were sent to State hospitals with CMMS certification, increasing the burden to provide care at those locations. This finding has been reported four other times.

Because of the Department's failure to comply with Medicare and Medicaid certification requirements, this is considered to be noncompliance with certain provisions of laws and regulations.

The Department was not aware of any other facilities with certification issues as of March 30, 2012. (Finding Code No. 11-16, 10-5, 09-5, 08-6, 07-6)

RECOMMENDATION:

We recommend the Department comply with laws and provisions regarding Medicare and Medicaid certification if it is determined to keep Tinley Park Mental Health Center open.

DEPARTMENT RESPONSE:

Agree. The Facility will not pursue re-certification due to scheduled closure on 7/3/12.

11-17 **FINDING:** (Noncompliance with statutory requirements)

The Department of Human Services (Department) facilities did not comply with various statutory requirements. During testing, auditors noted the following:

- At 3 of 21 (14%) facilities, auditors noted instances in which employees did not receive annual training in the safe and humane application of restraints to prevent a recipient from causing physical harm to himself or others. The Mental Health and Developmental Disabilities Code (405 ILCS 5/2-108(g)) states, "Every facility that employs restraint shall provide training in the safe and humane application of each type of restraint employed...Each facility in which restraint is used shall maintain records detailing which employees have been trained and are authorized to apply restraint, the date of the training and the type of restraint that the employee was trained to use."

  Facility personnel stated the failure to ensure personnel received required training was due to oversight. Facility personnel also stated the inability to resolve scheduling conflicts contributed to the noted deficiencies. Personnel at another facility stated the training deficiency is caused by a lack of staffing since the facility is required to maintain a certain level of staff on the units at all times.

- At Ann M. Kiley Developmental Center, auditors noted the following:

  - In 25 of 25 (100%) restraint applications tested, the facility director did not review the restraint orders and inquire the reasons for the use of restraint. The Mental Health and Developmental Disabilities Code (Code) (405 ILCS 5/2-108(d)) states, "The facility director shall review all restraint orders daily and shall inquire into the reasons for the orders for restraint by any person who routinely orders them."

  - In 3 of 25 (12%) restraint applications tested, the application was not submitted in writing to the facility director, or designee, within 24 hours of application. The Mental Health and Developmental Disabilities Code (405 ILCS 5/2-108(d)) states, "The person who orders restraint shall inform the facility director or his designee in writing of the use of restraint within 24 hours."

    Facility personnel stated the Department's policy 02.03.03.010 allows the facility director to designate a designee to perform the facility director's statutorily mandated duties. Facility personnel stated the facility director did review restraint orders on a daily basis although the assistant facility director completed the review documentation. Auditors noted the Code does not state the facility director may subordinate these duties.

  - The facility did not properly prepare the Notice Regarding Restriction of Rights of an Individual (Form IL 462-2004D). Auditors noted 12 of 25 (48%) notices sent from the facility to the resident's guardian were not accurate with regards to the time the individual was initially restrained. The Code (405

ILCS 5/2-201(a)) requires notification regarding the use of restraint be promptly delivered to the resident's guardian. Good internal controls would require the notification agree with the facility's records regarding the time of the initial application of restraint.

- At 3 of 21 (14%) facilities, auditors noted the facilities either submitted late or submitted incomplete resident death notifications to the Department of Public Health. The Mental Health and Developmental Disabilities Code (405 ILCS 5/5-100) states, "Written notice of the death of a recipient of services which occurs at a mental health or developmental disabilities facility… shall within 10 days of the death of the recipient be mailed to the Department of Public Health."

  Facility personnel stated human error contributed to the noted deficiencies.

- At 4 of 21 (19%) facilities, auditors noted weaknesses in the documentation of a resident's evaluation.

  - Chester Mental Health Center did not maintain Monthly Review Certification Forms (CMHC-204) for a MI/MR resident.
  - At Andrew McFarland Mental Health Center, auditors noted 3 of 12 (25%) files tested at the Center did not have properly completed a Habilitation/Service Determination Form.
  - At H. Douglas Singer Mental Health Center, auditors noted 4 of 5 (80%) residents tested did not have an evaluation by a qualified mental retardation professional within 14 days of admission.
  - At Elgin Mental Health Center, auditors noted the Center did not evaluate residents with a reasonably suspected case of mental retardation within 24 hours of admission. Auditors also noted the facility director at the Center did not prepare the appropriate written certifications within 30 days of the 24 hour evaluation and every 30 days thereafter to the resident, resident's attorney, resident's guardian, the Secretary of Human Services, and the resident's file.

  The Mental Health and Disabilities Code (405 ILCS 5/4-201(b)) states, "Any person admitted to a Department mental health facility who is reasonably suspected of being mildly or moderately intellectually disabled, including those who also have a mental illness, shall be evaluated by a multidisciplinary team…The evaluation…shall include: (1) a written assessment of whether the person needs a habilitation plan and, if so, (2) a written habilitation plan consistent with Section 4-309, and (3) a written determination whether the admitting facility is capable of providing the specified habilitation services. This evaluation shall occur within a reasonable period of time, but in no case shall that period exceed 14 days after admission."

  Facility management stated the monthly reviews were completed as required, but the forms could not be located. Management at another facility stated the failure to properly complete the forms was due to oversight. Management at another facility stated the lack of evaluations was due to a misinterpretation of the Code, or more specifically, which conditions constituted mental retardation.

- At the Clyde L. Choate Mental Health and Developmental Center, auditors noted the Center does not consistently and expressly document the results of its pre-discharge assessments for the subsistent needs for residents. The following weaknesses were noted:

  - 4 of 5 (80%) recipient files tested did not specifically address all of the elements specified in the Mental Health and Developmental Disabilities Act (Act) in the pre-discharge notes.
  - 5 of 5 (100%) recipient files tested did not include documentation the Social Security Administration had been notified of the recipient's discharge and new address. Additionally, the recipient files in these cases did not include a copy of communication between the Center and Medicaid to notify Medicaid of the recipient's discharge.
  - 5 of 5 (100%) recipient files tested did not contain any documentation of conclusions made by the Center's chief administrative officer or any resultant actions taken as a result of the pre-discharge assessments.

  The Act (20 ILCS 1705/15(d)) states, "Before any person is released from a facility operated or licensed by the Department, the chief administrative officer of the facility shall assess such person's need for subsistence benefits and services including food, shelter, clothing and medical care. If a determination is made that a person will be unable to meet such subsistence needs after discharge, the chief administrative officer shall arrange for filing applications under appropriate benefit programs, unless the person expressly declines. The determination of the chief administrative officer and resultant action shall be recorded in the facility record."

  Management at the Center stated these problems were caused by staffing shortages, which led to oversights in this area. The information is often contained within the files of the Resource Unit, but retrieving this data is difficult because the Unit has lost half of its staffing in the past year.

- At Tinley Park Mental Health Center, auditors noted 17 of 25 (68%) of resident files tested did not contain evidence the facility notified a designated person of the resident's admission. Fourteen of those files did not contain a Notice of Admission form, while the other three did not list the name of the person contacted or the means by which they were notified. The Illinois Mental Health and Disabilities Code (405 ILCS 5/2-113(a)) states, "Upon admission, the facility shall inquire of the recipient if a spouse, family member, friend or an agency is to be notified of his admission to the facility. If the recipient consents to release of information concerning his admission, the facility shall immediately attempt to make phone contact with at least two designated persons or agencies or by mail within 24 hours."

  Center management stated the facility has been training staff on the proper completion of resident files for over a year; however, some staff members have struggled to ensure proper completion of all aspects of resident files. As a result, the facility has begun to perform internal self reviews in this area.

- At Rushville Treatment and Detention Facility, auditors noted the facility has not formally documented a policy on charging residents for services and a corresponding rate structure. Under the existing conditions, a resident may have access to assets to pay for services the facility provides, but the resident would not be required to pay without a documented policy in place. As of January 14, 2012 the facility had 478 residents. The facility's expenditures for fiscal year 2011 and 2010 were $24,160,300 and $24,435,700 and respectively. The Sexually Violent Persons Commitment Act (725 ILCS 207/90) states "Each person committed or detained under this Act who receives services provided directly or funded by the Department and the estate of the person is liable for the payment of sums representing charges for services to the person at a rate to be determined by the Department."

- At 3 of 21 (14%) facilities tested, auditors noted facilities were not maintaining adequate records of the female residents' menstrual record. Additionally, 2 of 21 (10%) facilities tested, the facilities did not maintain adequate documentation regarding the consent or denial of the recipient to a pregnancy test. The Mental Health and Developmental Disabilities Act (20 ILCS 1705/10.1) states, "Every woman of child-bearing age who is admitted to a facility under the jurisdiction of the Department shall, with her consent or the consent of her guardian, be tested for pregnancy upon admission and thereafter as indicated. For a recipient who is admitted to and remains in a facility for more than 60 days a record of each such recipient's menstrual cycles shall be maintained."

- At Andrew McFarland Mental Health Center, auditors noted 4 of 25 (16%) notices of restricted communication reviewed did not indicate whether the recipient wished anyone to be notified of the restricted communication. The Mental Health and Disabilities Code (405 ILCS 5/2-103(c)) states, "Unimpeded, private and uncensored communication by mail, telephone, and visitation may be reasonably restricted by the facility director only in order to protect the recipient or others from harm, harassment or intimidation, provided that notice of such restriction shall be given to all recipients upon admission. When communications are restricted, the facility shall advise the recipient that he has the right to require the facility to notify the affected parties of the restriction."

  Center management stated the majority of the instances occurred prior to the updated form being implemented which has increased compliance with the requirement to almost 100%.

- At Rushville Treatment and Detention Facility, auditors noted 4 of 25 (16%) Medical Condition Reports tested were not completed within 30 days of their examination date. The reports ranged from 2 to 30 days late. The Sexually Violent Persons Commitment Act (725 ILCS 207/55(b)) states, "Any examiner conducting an examination under this Section shall prepare a written report of the examination no later than 30 days after the date of the examination."

  Facility personnel stated reports were not completed in a timely manner due to staffing shortages.

- At Rushville Treatment and Detention Facility, auditors noted the facility did not notify 4 of 4 (100%) victims of residents being released at least 60 days prior to the resident's release. The victims were notified 50 to 211 days late. The Sexually Violent Persons Commitment Act (Act) (725 ILCS 207/75) states, "The Department shall send the notice, postmarked at least 60 days before the date the person committed under this Act is placed on conditional release, discharged, or if a detainee or civilly committed sexually violent person escapes, dies, or is subject to any court-ordered change in the custody status of the detainee or sexually violent person."

- At Clyde L. Choate Mental Health and Developmental Center, auditors noted 2 of 5 (40%) residents tested did not have a comprehensive social investigation performed within 72 hours of admittance. The investigations were performed 1 and 2 days late. The Mental Health and Developmental Disabilities Code (405 ILCS 5/3-205.5) states, "When any person is first presented for admission to a mental health facility under Chapter III of this Code, within 72 hours thereafter, excluding Saturdays, Sundays, and holidays, the facility shall provide or arrange for a comprehensive physical examination, mental examination, and social investigation of that person."

- At Clyde L. Choate Mental Health and Developmental Center, 2 of 5 (40%) resident treatment plans tested were not updated every 30 days. The plans were updated 5 and 6 days late. The Mental Health and Developmental Disabilities Code (Code) (405 ILCS 5/3-209) states, "Within three days of admission under this Chapter, a treatment plan shall be prepared for each recipient of service and entered into his or her record... The plan shall be reviewed and updated as the clinical condition warrants, but not less than every 30 days."

  Facility management stated this oversight was due to staff shortages in the social work and case management departments.

Failure to comply with State laws could adversely affect the care and treatment of residents as well as impact the operations of the facilities. (Finding Code No. 11-17)

RECOMMENDATION:

We recommend the Department:

- Ensure all employees authorized to employ restraints receive the required annual training;
- File notifications of death with the Department of Public Health in a timely manner;
- Document the resident's evaluation at the facilities by properly completing all forms and recording all evaluations;
- Assess residents' subsistence needs before releasing them from the facility;
- Complete a Notice of Admissions Form for each new resident and notify the designated person of the resident's admission to the facility;
- Establish a rate structure for services provided at the Rushville Treatment and Detention Facility;
- Maintain documentation of the female residents' menstrual cycle and their consent or denial to pregnancy tests;

- Ask residents whether they would like anyone to be notified of their admittance;
- Ensure written reports on evaluations are prepared timely;
- Notify victims at least 60 days prior to the release of sexually violent residents; and
- Perform a comprehensive social investigation within 72 hours of a resident's admittance.

DEPARTMENT RESPONSE:

Agree. The Department of Human Services facilities will enhance its process to comply with various statutory requirements.

11-18 FINDING: (Failure to reconcile grant expenditures and seek recovery of funds in a timely manner)

The Department of Human Services' (Department's) Office of Contract Administration (OCA) failed to reconcile grant funds and to seek recovery of unspent funds in a timely manner.

At the end of each fiscal year, the Department is required to reconcile grants it issued to contracted providers using the provisions of the Illinois Administrative Code on Grants and Grant Funds Recovery, and the Illinois Grant Funds Recovery Act. For each reconciliation, OCA compares eligible program expenditures against State grants issued to fund the program. If the total grants issued exceed the total eligible program expenditures, the Department is required to notify providers of their obligation to return any funds not expended or legally obligated.

Auditors tested a sample of 120 providers that received State grants in either fiscal year 2009 or fiscal year 2010, and noted for 18 of 120 (15%) providers tested, OCA did not seek timely recovery of funds totaling $4.1 million that were not expended or legally obligated during the grant period. Auditors noted all of these providers had their audit reports submitted to OCA during the Department's current audit period, but OCA had yet to seek recovery of lapse funds as of 16 months following year end, in violation of the Illinois Grant Funds Recovery Act.

In 2 of 120 (2%) providers tested, auditors noted the Department had not begun the reconciliation process for the provider's grants. The provider had submitted their grant report to OCA on a timely basis, but several months had elapsed since their submission and OCA had not yet entered the expenditure data into the software that performs the reconciliation. By not performing the reconciliation, the Department is unable to determine if these are unspent funds and whether any grant recovery action should be taken.

The Illinois Grant Funds Recovery Act (Act) (30 ILCS 705/5) states, "Any grant funds not expended or legally obligated by the end of the grant agreement...must be returned to the grantor agency with 45 days." The Act (30 ILCS 705/6) also states, "Any grant funds which have been misspent or are being improperly held are subject to recovery by the grantor agency which made the grant." Department Administrative Directive 01.07.01.020 "Grant Funds Recovery Process" outlines specific grantee reporting processes and rights to informal and formal hearing notices.

Department officials stated the reconciliation and recovery of grant funds were not done in a timely manner due to lack of staff in that area.

By failing to seek recovery of lapsed grant funds, the Department is not in compliance with the Act and all applicable policies, procedures, and Administrative Directives. In addition, failure to seek recovery of unspent funds undermines the entire reconciliation process and prohibits the State from collecting grant overpayments on a timely basis. (Finding Code No. 11-18)

RECOMMENDATION:

We recommend the Department review and revise, as necessary, its current system of reconciling grant payments to program expenditures to improve the timeliness of its reconciliations and to devote necessary personnel to these tasks. We also recommend the Department establish specific deadlines in which OCA is required to notify providers to return unspent funds.

DEPARTMENT RESPONSE:

Agree. The Department has initiated the process to add additional staff to allow timely recovery of grant funds.

11-19 <u>FINDING</u>: (Failure to timely determine the disposition of unspent grant funds)

During testing of the Department of Human Services (Department) fiscal year 2011 annual Office of the Comptroller financial reporting (GAAP) forms for various funds, 13 concluded programs were identified with unspent grant funds of which the Department had not determined the final disposition.

The GAAP *Grant Contract Analysis Form* (SCO-563) reports grant activity for each federal program within the particular funds. Several programs were noted that had concluded in previous years with balances in the deferred revenue and unearned deferred revenue accounts that would indicate unspent balances due to grantor agencies.

Specific programs with unspent grant funds noted were as follows:

Fund 0347 – Employment and Training Fund

- The Policy Research and Evaluation Grants (CFDA No. 93.239) reported deferred revenue totaling $360,000. The grant period ended in fiscal year 2002, with the last receipt coming in June 2002.

- Social Services Research and Demonstration (CFDA No. 93.647) reported deferred revenue totaling $142,000. The grant period ended in fiscal year 2005, with the last receipt coming in July 2005.

Fund 0408 – DHS Special Purposes Trust Fund

- The Supportive Housing Program (CFDA No. 14.235) reported deferred revenue totaling $47,000. The grant period ended in fiscal year 2002, with the last receipt coming in August 2002.

- AmeriCorps (CFDA No. 94.006) reported deferred revenue totaling $79,000. The grant period ended in fiscal year 2005, with the last receipt coming in February 2003. This program is now run through Fund 0343 (Federal National Community Services).

Fund 0592 – DHS Federal Projects Fund

- The Rehabilitation Services – Service Projects (CFDA No. 84.128) reported deferred revenue totaling $51,000. The grant period ended in fiscal year 2008, with the last receipt coming in June 2008. This program is now run through Fund 0081 (Vocational Rehabilitation).

- The Ten State Performance Indicator Pilot Project Program (CFDA No. 93.119) reported deferred revenue totaling $72,000. The grant period ended in fiscal year 2005, with the last receipt coming in May 2005.

- The Mental Health Research Grants (CFDA 93.242) reported deferred revenue totaling $19,000. The grant period ended in fiscal year 2007, with the last receipt coming in March 2008.

- The Centers for Medicare and Medicaid Services (CMMS) Research, Demonstrations, and Evaluations (CFDA No. 93.779) reported deferred revenue totaling $28,000. The grant period ended in fiscal year 2007, with the last receipt coming in October 2005.

- The Cooperative Agreements for State-Based Diabetes Control Program and Evaluation of Surveillance Systems Program (CFDA No. 93.988) reported deferred revenue totaling $153,000. The grant period began in fiscal year 1999 and is currently still active, but had no activity during the audit period.

- The Block Grants for Community Mental Health Services (CFDA No. 93.958) reported deferred revenue totaling $2,000. The grant period ended in fiscal year 2002 with the last receipt coming in fiscal year 2009.

- The Mental Health Disaster and Emergency Mental Health (CFDA No. 93.982) reported deferred revenue totaling $3,000. The grant period ended in fiscal year 2006 with the last receipt in fiscal year 2009.

Fund 0872 – Maternal and Child Health Services Block Grant Fund

- The Abstinence Education Program (CFDA No. 93.235) program reported deferred revenue totaling $1,033,000. The grant period ended in fiscal year 2004 with the last receipt coming in fiscal year 2010.

Fund 0911 – Juvenile Justice Trust Fund

- The Enforcing Underage Drinking Laws Program (CFDA No. 16.727) reported deferred revenue totaling $146,000. The grant period ended in fiscal year 2008, with the last receipt coming in January 2006. This program is now run through Fund 0001 (General Revenue) and Fund 0646 (Alcoholism and Substance Abuse).

The Department should follow sound program / grant management practices and expend all grant funds in accordance with the purpose for which they were originally received to maximize the program potential. If a program concludes with unspent grant funds, Department personnel should follow the guidance in the program / grant documents and determine if any excess grant funds should be returned or used for other programs as allowed by the grantor.

Department officials stated the final disposition was not determined timely due to staffing shortages; however, the Department is continuing to review and reconcile the funds.

Maintaining unspent funds exposes these funds to loss or misappropriation due to the general lack of attention directed toward these concluded programs by Department personnel. (Finding No. 11-19, 09-20, 07-20)

RECOMMENDATION:

We recommend the Department determine the availability of these funds for expenditure or return them after proper consultation with the respective grantor.

DEPARTMENT RESPONSE:

Agree. The Department will review and determine the availability of these funds for expenditure or return them after proper consultation with the respective grantor.

11-20 **FINDING:** (Weaknesses in monitoring interagency agreements)

Weaknesses were identified in the Department of Human Services' (Department) process of monitoring interagency agreements.

During testing of the interagency agreements between the Department of Human Services and multiple other State departments, the following deficiencies were noted:

- 4 of 12 (33%) interagency agreements tested were not signed by all necessary parties before the effective date. The agreements were signed 34 to 293 days late.
- Auditors noted an interagency agreement pertaining to the utilization of Lincoln Developmental Center between the Department of Human Services and the Illinois State Police expired May 13, 2010. As of January 13, 2012, the Illinois State Police was still utilizing the space at the Lincoln Developmental Center and there is no updated agreement between Illinois State Police and either the Department of Human Services or the Department of Central Management Services, which is currently responsible for the upkeep of the Lincoln Developmental Center.
- The Department entered into an agreement with another agency in which an employee would split his work hours between the two agencies, and the Department would request reimbursement for the hours the employee worked at the other Agency. The Department did not seek reimbursement for two days that the employee worked for the other agency, totaling $682.

Statewide Accounting Management System (SAMS) Procedure 02.50.10 discusses internal controls in government. SAMS procedures and good business practices require the approval of agreements prior to the effective date and the proper documentation supporting the billing and payment of services.

Department officials stated the discrepancies were caused by lack of staff oversight and an interagency agreement pertaining to the utilization of Lincoln Developmental Center between the Department of Human Services and the Illinois State Police which expired May 13, 2010.

The Department enters into multiple agreements with other State agencies and other units of government. The purpose of the agreements is to assist the Department in fulfilling its mandated mission. In order to assess whether the agreement is reasonable, appropriate and sufficiently documents the responsibilities of the appropriate parties, the agreement needs to be approved prior to the effective date, be reduced to writing and be properly monitored to ensure all amounts owed to the Department are collected. (Finding Code No. 11-20)

RECOMMENDATION:

We recommend the Department ensure all interagency agreements are approved by all parties prior to the effective date of the agreement. We also recommend the Department update the agreement for the use of Lincoln Developmental Center and seek reimbursement of $682 for work for another agency.

DEPARTMENT RESPONSE:

Agree. The Department will continue to work with the Department of Central Management Services' (CMS) Legal to Quick Claim Deed the Lincoln Developmental Center property to CMS, as they were the property managers of Lincoln at the time of audit.

11-21 <u>FINDING</u>: (Inadequate controls over receipts)

The Department of Human Services (Department) lacked an adequate receipt reconciliation process and did not timely deposit all receipts.

The Department did not reconcile its receipt account balances with the Illinois Office of the Comptroller (Comptroller) records, as required by the Comptroller's Statewide Accounting Management System (SAMS). The Department prepared monthly fund reconciliations during the fiscal year; however, they were not completed timely. Additionally, the Department did not timely deposit all receipts and refunds.

The following exceptions were identified related to the Department's receipts reconciliation process:

- During receipt reconciliation testing, four funds were found to have reconciling items which were not resolved within 60 days after identification. Clearance of the reconciling items ranged from 78 to 428 days.

- The Department did not reconcile its receipt records to Comptroller records on a monthly basis. In 41 of 156 (26%) revenue source codes tested, the reconciliation was not completed until 35 to 191 days following the end of the month. In 4 of the 156 (3%) revenue source codes tested, the reconciliation report was not completed during the fiscal year.

Similar weaknesses at the Department were reported in the previous five reports. An analysis summarizing the exceptions identified in the current and past 2 reports is noted in the following table:

Reconciliation Exceptions	Two Years Ending June 30,		
	2011	2009	2007
Source codes not corrected within 1-2 months		X	X
Reconciling items in the DHS Recoveries Trust Fund			X
Receipts adjustments posted from prior fiscal years			X
Monthly receipts reconciliations performed late	X	X	X
Reconciling items outstanding 60 days after month end	X	X	X

SAMS procedure 25.40.20 requires agencies to perform monthly reconciliations between receipt account balances maintained by the agency with the statewide receipt account records maintained by the Comptroller's Office so the necessary corrective action can be taken to locate the differences and correct the accounting records.

The following exceptions were identified related to the Department's receipts process:

- Seventeen of 60 (28%) nonfederal receipts tested totaling $26,839, were not deposited timely. The deposits ranged between 1 to 67 days late. The timeliness of the deposits was not in compliance with the State Officers and Employees Money

Disposition Act (30 ILCS 230/2) (Act) which specifies deposit requirements based on the amount of receipt and also allows for deposit extensions if approved by the Treasurer and Comptroller. The Department did not make timely deposits taking into account any applicable deposit extensions and deposit criteria specified in the Act.

- In 54 of 235 (23%) resident receipts tested, auditors noted the receipts were not entered into the Department's primary accounting system (CARS) in a timely manner. CARS was updated between 1 and 67 days late. As a result, resident account receivable balances did not accurately reflect payments made.

- In 16 of 60 (27%) nonfederal receipts totaling $25,305, drafts received from the Treasurer's clearing account were not submitted to the Comptroller within 5 days, which is considered a reasonable time frame. The drafts were submitted between 6 and 151 business days beyond this time frame.

- The Department utilizes a deposit control card to document the approval and entry of receipts in CARS. Three of 235 (1%) control cards tested were not initialed by the individual responsible for entering and reviewing the deposit.

The following exceptions were identified related to the Department's refunds process:

- In 12 of 60 (20%) refunds requested for testing totaling $16,631, the files were not provided. Due to the lack of documentation, auditors were unable to verify the controls over these refunds.

- In 35 of 60 (58%) refunds tested totaling $16,908, the refund was not deposited in compliance with the Act. The deposits ranged between 2 to 187 days late. The Department did not make timely deposits taking into account any applicable deposit extensions and deposit criteria specified in the Act.

Similar weaknesses were noted at Clyde L. Choate Mental Health and Developmental Center (Center). Auditors noted the following problems:

- The Center did not maintain adequate documentation of its receipts activity for fiscal year 2010. The Center's records did not include documentation of the dates checks received by the Center were forwarded to DHS – Central Office for deposit into the State treasury. As a result, the auditors could not determine if the checks received during fiscal year 2010, totaling $34,713, were forwarded for timely deposit.

- The Center did not perform monthly reconciliations of agency receipt reports to reports prepared by the Office of the Comptroller reports for fiscal years 2010 or 2011.

As a result of testing the Center's receipts records for fiscal year 2011, auditors concluded the Center did not timely deposit receipts and refund transactions. Auditors noted the following specific problems:

- No receipts were recorded in the Center's ledger between October 28, 2010 and February 28, 2011. On March 1, 2011, the facility recorded 19 receipts totaling $9,174. Some of those transactions were for rents dating as far back as November and December 2010, which were received from lessees on the Center campus.
- No receipts were recorded in the Center's ledger between the dates of April 13, 2011 and June 19, 2011. On June 20, 2011, the facility recorded 20 receipts totaling $4,244. Some of those transactions were for rents dating as far back as September and October 2010 and January 2011, which were received from a lessee on the Center campus.

Department management stated the problems are the result of being understaffed; therefore, they are unable to prepare reconciliations and process receipts in a timely manner.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) requires each State agency to establish and maintain an effective system of internal control, which would include the processing of receipts/checks.

Failure to implement adequate internal controls over the processing of receipts/checks increases the risk that errors and irregularities could occur and not be detected. (Finding No. 11-21, 09-22, 07-11, 05-11, 03-8, 01-11)

RECOMMENDATION:

We recommend the Department strengthen controls over the processing of receipts. This should include the timely deposit of receipts as well as timely entry to CARS. In addition, the controls should ensure timely completion and submission of reconciliations as well as the clearance of reconciling items.

DEPARTMENT RESPONSE:

Agree. The Department will strengthen controls to ensure an adequate receipt reconciliation process and timely deposit of all receipts.

11-22 FINDING: (Inadequate controls over accounts receivable)

The Department of Human Services (Department) mental health and developmental disability centers (facilities) failed to exercise adequate controls over accounts receivable. The facilities did not make timely determinations of residents' ability to pay non-Medicare and non-Medicaid charges and did not follow-up on outstanding accounts receivable in a timely manner.

During the audit period, four facilities did not timely complete the "Notice of Determination" (Form DHS-612) which is used to notify residents or their responsible parties of charges. Resident financial case records supporting receivables in the billing system were noted as being incomplete. Complete case records are required to investigate every individual or entity that may have an obligation or responsibility for the payment of services rendered to a resident. In addition, facility resource staff did not follow Department procedures to monitor and report delinquent accounts receivable.

- Facility staff failed to complete a Notice of Determination as required for 32 of 105 (30%) files tested at seven facilities. There were many instances where the form was not completed at all.

- Resident financial case records did not have documentation, ILL-1 forms, to support the determination of the resident's ability to pay for 59 of 141 (42%) files tested at seven facilities.

- Four facilities did not have "Delinquency Notice" forms on file supporting the facilities' follow-up on accounts receivable for 20 of 60 (33%) files tested. These receivables totaled $494,206.

- At four facilities, 35 of 75 (47%) accounts receivables tested, totaling $661,406, were outstanding for over 180 days and were not submitted timely to the Central Office for collection. In addition, for 15 of 60 (25%) accounts tested, totaling $467,781, the facilities did not coordinate collection efforts with the Department's Central Office in order to ensure outstanding account balances are pursued in accordance with Department policies and procedures.

- One of 15 (7%) files tested at Elisabeth Ludeman Developmental Center did not contain the two-year review form used to monitor and re-determine resident's ability to pay.

- Tinley Park Mental Health Center admitted and treated Medicare eligible patients while decertified and unable to seek payment for services under the Medicare program. Auditors identified 9 patients, with accounts totaling $63,443 on the facility's accounts receivable reports, that were admitted during the decertification period and incurred charges reimbursable by Medicare. Since Tinley Park is decertified, the Department may not be able to collect this balance. Further, due to inadequacies in the admission process, facility personnel are unable to properly categorize and subsequently refer patients to Medicare certified facilities.

- The Illinois School for the Deaf did not complete and submit a Form C-97, the Quarterly Summary of Accounts Receivable, to the Illinois Office of the Comptroller for the Hansen-Therkelsen Memorial Deaf Student College Fund. Accounts receivable balances totaled $97,841 and $95,034 at June 30, 2010 and June 30, 2011, respectively.

- Auditors noted multiple instances of inadequate supporting documentation for account balances for facility residents.

  - At Elisabeth Ludeman Developmental Center, one account totaling $248 noted on the Accounts Receivable Report did not agree to supporting documentation.

  - At Clyde L. Choate Mental Health and Developmental Center, auditors noted 6 of 15 (40%) resident files tested had account balances that did not agree with supporting documentation and 2 of 15 (13%) files did not contain supporting documentation.

  - At H. Douglas Singer Mental Health Center, 13 of 15 (87%) resident files tested, with a total receivable balance of $766,652, did not contain documentation detailing financial background was properly investigated. Therefore, auditors were unable to determine whether data entered in the Department's RE-2 billing system was current and accurate.

  - At Elgin Mental Health Center, 14 of 15 (93%) accounts tested lacked accurate supporting documentation; therefore, auditors were not able to determine the accuracy of account balances.

  - At Ann M. Kiley Developmental Center, 1 of 12 (8%) account receivables tested was not valid and had not been removed as an account receivable at June 30, 2011.

  - At Elgin Mental Health Center, 1 of 15 (7%) accounts tested contained an invoice for charges from a different Department facility.

Auditors noted for certain facilities the Resident Resource Unit (RRU) was unable to provide procedures used in order to determine admitted resident's ability to pay for services, identify responsible parties such as parents or guardians, and properly determine whether the patient has private insurance or is eligible for Medicare and Medicaid.

- The Reimbursement Officer Position at the Jack Mabley Developmental Center was vacant effective July 9, 2010. As a result, the daily duties required to properly update and maintain the resident accounts receivable were not performed as required. Additionally, due to inadequate maintenance of the RRU, auditors noted numerous inconsistencies which included negative account balances and incomplete or missing documentation from resident financial case files. Further, the Assistant Facility Director, who was temporarily assigned the duties of the RRU, does not appear to have sufficient training and experience in order to perform the required tasks. Due to the Facility not properly maintaining the accounts receivable system, auditors were unable to determine whether amounts detailed on the accounts receivable aging report are correct and whether accounts over 180 days delinquent are properly pursued. In addition, auditors noted mail correspondence containing time sensitive patient account information is not opened in a timely manner and patient accounts are not updated accordingly.

- At two of 21 (10%) facilities, auditors noted errors on aged analysis of accounts receivable reports. Jack Mabley Developmental Center's aged accounts receivable report as of June 30, 2011 reported inaccurate resident receivable balances to the Illinois Office of the Comptroller. The accounts receivable balance included 22 negative balances totaling $57,564. During review of the accounts receivable report for Elisabeth Ludeman Developmental Center, auditors noted the balance of one account did not agree to supporting documentation.

  Issues were also identified with the processing of Medicare claims at two Centers. The Jack Mabley Developmental Center did not bill Medicare as required. Numerous unprocessed Medicare Part B Service Slips were noted in testing of resident files. According to Department officials, no Medicare slips have been processed since July 2010. Additionally, one of 15 (7%) accounts tested at Elgin Mental Health Center was billed to a resident that was eligible for Medicare. The Facility was unable to provide documentation that Medicare was properly billed.

Issues with receivables were also noted in testing at the Central Office:

- In 2 of 120 (2%) files tested, auditors noted a significant lapse in time since the Department attempted to contact the indebted party for collection of an aged receivable.

- In 2 of 120 (2%) files tested, the bankruptcy filing was not recorded in a timely manner. For one account tested, the Central Office did not ensure the outstanding account balance was pursued in accordance with Department policies and procedures.

The Department reported gross resident accounts receivable (excluding Medicare and Medicaid) at facilities totaling $21.477 million and $18.977 million for the years ending June 30, 2011 and 2010, respectively. The related uncollectible allowances were $18.255 million and $16.130 million, respectively. Also, the total revenue from hospitalization insurance covering individuals for 2011 and 2010 totaled $16.574 million and $16.911 million, respectively.

The Department is in violation of its own policies and procedures as well as statutory requirements regarding the administration of accounts receivable. The Illinois State Collection Act of 1986 (30 ILCS 210) mandates State agencies to capture receivable information and report receivables in accordance with rules established by the Comptroller. The Department's Administrative Directive 02.08.01.040 states, "Facility resource staff generate the Notice of Determination form from RE-2, and mail the IL462-0612 to the debtor" in the first month that an individual enters a Center. Also, the Directive establishes that the Center staff mail the Collection Activities Delinquent

Notice when the account becomes delinquent. The Directive offers further guidance stating "an individual account is not due until 90 days after the Notice of Determination is mailed." Once the account has become past due for 180 days "and the debtor has refused to cooperate, the facility resource staff refer the amount to RMS for further evaluation and action." The Comptroller's Statewide Accounting Management System (SAMS) Procedure 26.40.20 states agencies must place all debts over $1,000 and more than 90 days past due in the Comptroller's Offset system.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires state agencies to establish and maintain a system or systems of internal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation which would include account receivables.

Ludeman personnel stated the inaccurate accounts receivable balance noted was due to a computer error which is now being corrected. Mabley personnel stated the deficiencies noted were due to the fact that the facility has been unable to fill the Reimbursement Officer position since July 9, 2010. Illinois School for the Deaf personnel stated they were not aware loans receivable should be included in the C-97 reporting forms. Kiley personnel stated the reason for their accounts receivable deficiencies were due to not timely following-up on the adjustments. Choate, Elgin, Singer, Chicago Read, Madden and Tinley personnel stated the deficiencies resulted from staffing shortages and oversight.

Failure to make timely determinations of residents' ability to pay and follow-up on accounts receivable in a timely manner may result in the delay or loss of revenue. In addition, the lack of controls can lead to an understatement or overstatement of net collectible accounts receivable. (Finding Code No. 11-22, 09-23, 07-15)

RECOMMENDATION:

We recommend the Department comply with the established policies and procedures to ensure accounts receivable are reported in accordance with Department directives. Additionally, we recommend the Department maintain detailed records of all billings and the corresponding collections to facilitate proper reporting of accounts receivable activity. The Department should consider writing off delinquent or uncollectible accounts to reflect only realizable amounts. Finally, we recommend the Department allocate sufficient staff and fill pertinent positions in order to ensure job duties are performed as required so that accounts receivable transactions are processed and accounts are properly maintained.

DEPARTMENT RESPONSE:

Agree. The Department will enhance its process to exercise adequate controls over accounts receivable, make timely determinations of resident's ability to pay non-Medicare and Medicaid charges and follow-up on outstanding accounts receivable in a timely manner.

11-23 **<u>FINDING</u>:** (Inadequate administration of locally held funds)

The Department of Human Services' (Department) Central Office and mental health and developmental disability facilities inadequately administered locally held funds (bank accounts) during the audit period. Auditors noted exceptions regarding the administration, accounting, reconciliation, reporting, receipt and disbursement of these funds.

The following weaknesses were noted during the testing of the Department's quarterly reporting of receipts and disbursements of locally held funds for the two years ended June 30, 2011:

- One of four (25%) funds tested at the Central Office miscalculated the Cash on Hand and in Banks listed on Form C-17. The Department reported the balance of its bank account as $21,447, when it was $21,616 per the bank statement, for an understatement of $169.

- Six of 21 (29%) facilities tested did not properly perform monthly reconciliations of their locally held funds.

    - Auditors noted the Clyde L. Choate Mental Health and Developmental Center stopped dating bank reconciliations beginning with the October 2010 bank reconciliation and the bank reconciliation for June 2011 was not performed until September 26, 2011. The facility did not perform reconciliations for the Rehabilitation Fund and the Living Skills Fund. Eight of 8 (100%) quarterly reconciliations for the Residents Trust fund did not agree to the Center's Form C-17.

    - The June 30, 2011 monthly bank reconciliations for four of four (100%) funds tested at the Chicago Read Mental Health Center were not signed by the Business Administrator, as required SAMS Procedure 33.13.20; therefore, auditors were unable to determine whether reconciliations were properly reviewed and approved.

    - Auditors noted the Jack Mabley Developmental Center Business Administrator, who has check signing authority, prepares the monthly bank reconciliations for the facility's three locally held funds, which are not reviewed by an independent party.

    - Multiple unusual reconciling items were noted during review of the June 30, 2011 Resident Trust Fund bank reconciliation at Elisabeth Ludeman Developmental Center totaling $11,268. The usual reconciling items include, but are not limited to, a check from fiscal year 2009, bank services charges from fiscal year 2009 and multiple bank service charges that were not relevant to the examination period.

    - During testing of the Illinois School for the Deaf Resident Trust Fund, auditors noted an incorrect balance per bank was used during preparation of the March 2011 reconciliation, a March 2011 deposit slip was overstated by $200, a deposit in transit totaling $200 was incorrectly recorded, and the School's policy to notify the Business Administrator of discrepancies noted was not observed.

- At William A. Howe Developmental Center, auditors noted the facility failed to perform adequate reconciliations over its funds. Four of 5 (80%) local fund reconciliations at June 30, 2010 could not be verified to be mathematically correct because the Center did not reconcile fund bank balances and checkbook registers to fund general ledgers. The four locally held fund reconciliations not properly prepared were reconciliations of the Resident Trust Fund, Other Special Trusts Fund, Living Skills Fund and Rehabilitation Fund.

The Statewide Accounting Management System (SAMS) requires agencies to report their locally held funds on Form C-17. SAMS Procedure 33.13.20, states, "The Locally Held Fund Reporting System's major function is to capture cash receipts and disbursements information on a quarterly basis in order to provide a more comprehensive fiscal data base for the State of Illinois... The "Report of Receipts and Disbursement for Locally Held Funds" (Form C-17) is used to report locally held activity... Each agency is responsible for preparing one report for each "locally-held" fund it maintains."

The following weaknesses were noted during testing of the Department's monthly reconciliation of revenues relating to locally held funds for the two years ended June 30, 2011:

- Three of 21 (14%) facilities tested, Choate, Ludeman and Chicago Read, prepared and submitted inaccurate Form C-17's. Auditors noted a variety of errors in the Form C-17's at these facilities, including: understated receipts; omitted receipts; understated disbursements and over/understated final fund balances.

- At the Illinois School for the Deaf, auditors noted the School did not ensure bank reconciliations were accurate and performed in a timely manner. Furthermore, the School did not date local fund reconciliations to document timeliness of completion. Auditors noted the following problems:

  - 1 of 24 (4%) petty cash bank reconciliations tested were completed 7 days late.

  - 36 of 36 (100%) local fund bank reconciliations tested were not dated upon completion. As a result, auditors could not verify the timeliness of the reconciliations.

  Department officials stated oversight by the fund reconciliation staff and late receipt of a bank statement contributed to the discrepancies noted.

- Auditors noted exceptions in testing cash on hand at 3 of 21 (14%) facilities and Choate and Elgin do not document reconciliations of cash on hand for the Patient Travel Trust Fund. Additionally, auditors noted in testing at Chicago Read that for three of four funds (75%) cash on hand did not reconcile back to the fully authorized amounts.

- Three of 21 (14%) facilities tested, Choate, Chicago Read and Illinois School for the Deaf, did not maintain an adequate segregation of duties over functions within their locally held funds.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires state agencies to establish and maintain a system or systems of internal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation which would include monthly bank reconciliations. These controls would include establishing adequate separation of duties and properly reconciling bank accounts in order to identify and preclude the comingling of monies between funds and ensure accurate reporting of locally held fund activity.

The Statewide Accounting Management System (SAMS) requires agencies to reconcile their revenues each month and to report to the Comptroller any irreconcilable differences. SAMS Procedure 25.40.20 states, "The reconciliation of monthly revenue status report is required to be performed monthly and the Comptroller's Office notified of any unreconcilable differences so that the necessary corrective action can be taken to locate the differences and correct the accounting records."

The following weaknesses were noted during the testing of the Department's disbursements from locally held funds for the two years ended June 30, 2011:

- Exceptions in testing locally held fund disbursements were noted at 4 of 21 (19%) facilities. Auditors noted a variety of errors at these facilities, including: posting the wrong check number, incorrectly fixing an error of posting the wrong check number, and not posting disbursements timely. Disbursements did not trace from the bank statement to the system ledger and from the system ledger to the bank statement. Also, auditors noted instances in which disbursements did not trace to supporting documentation and instances of inadequate supporting documentation. Some or all of the total disbursement amounts were recorded in a different pay period than the period stated on the form(s). Funds totaling $10 were disbursed to a patient who did not have sufficient funds in their Resident's Trust Fund on deposit for the disbursement. Auditors also noted disbursements that included statutory late fees, facility overpayment of an employee, and a purchase in excess of $200 that was not approved by the Agency Head which included an employee purchase of a personal item using the facility's tax exempt certificate which accounted for $1.88 of the $226.93 purchase. The facility did not attempt to collect a reimbursement.

- One of 21 facilities (5%), Chicago Read, permitted temporary loans between the Other Special Trust Fund and the Patient Travel Trust Fund. During review of Chicago Read's expenditures, auditors noted the Other Special Trust Fund provided three temporary loans to the Patient Travel Trust Fund totaling $6,500 in Fiscal Year 2011. Administrative Directive 02.08.01.020 requires the Patient Travel Trust Fund to be reimbursed from the Center/Program's applicable appropriation for travel.

- At William A. Howe Developmental Center, auditors noted the Center did not properly expend or receive reimbursement for monies paid from its Other Special Trust Fund. On January 8, 2010, the Center paid $2,000 for autopsy expenses from the Other Special Trusts Fund. On January 14, 2010, the Center submitted a voucher totaling $5,000 for reimbursement of these autopsy expenses from the contractual services appropriation line. The original $2,000 expenditure for autopsy services was the result of an inappropriate expenditure from the Other Special Trust Fund. The additional $3,000 received for reimbursement of these expenses resulted in an inappropriate method to fund the Other Special Trust Fund.

- At Jack Mabley Developmental Center, auditors noted the facility exceeded the maximum retention amount of 33.33% of operating expenses from the Habilitation Workshop Fund (Fund) during both fiscal years 2010 and 2011. For fiscal year 2010, the ending balance for the fund was $846 with an operating expense of $1,279 and in fiscal year 2011 the ending balance for the fund was $964 with an operating expense of $1,419. Additionally, the facility did not properly record the receipt date for five of six (83%) miscellaneous cash receipts, totaling $925, during fiscal years 2010 and 2011.

- At Jacksonville Mental Health and Developmental Center, auditors noted the Center inappropriately expended trust fund monies out of the Other Special Trust Fund. The auditors noted four expenditures were for purchases of postage for the Center's postage meter to be used for the Center's operations of providing postal services for its residents. Intended uses listed by the policy include Christmas gifts, parties, activities, and recreational equipment and supplies.

- At the Illinois School for the Deaf, auditors noted restricted-use funds were used for purposes other than those stated in the benefactor's will. Pursuant to the State Finance Act (30 ILCS 105/8.49), $503,700 was transferred from the Hansen-Therkelsen Memorial Deaf Student College Fund (Fund 0123), a fund used to assist deaf and hard of hearing students with college expenses to the State's General Revenue Fund. In January 2011, Public Act 96-1503 mandated the funds to be repaid as soon as practical. The Department was fully aware of the situation and recorded a receivable for the amount. School management stated the Illinois Office of the Comptroller had not restored the funds due to a cash shortage. These funds were finally restored in November, 2011.

- At the Jacksonville Mental Health and Developmental Center, auditors noted the Center disbursed money from the Living Skills Fund using unnumbered checks.

The following weaknesses were noted during the testing of the Department's receipts of locally held funds for the two years ended June 30, 2011:

- Five of 21 (24%) facilities did not properly record locally held fund receipts. At Clyde L. Choate Mental Health and Developmental Center, eight of ten (80%) receipts tested from the Living Skills Fund did not trace from the bank statement to the system ledger. One of ten (10%) Rehabilitation Fund receipts tested, two of twenty (10%) Other Special Trust Fund Receipts, and four of ten (40%) Residents

Trust Fund receipts tested at Jack Mabley Developmental Center lacked supporting documentation. In testing Other Special Trust Fund receipts at the Chicago Read Mental Health Center, auditors noted on two of ten (20%) of the dates recorded on the general ledger did not agree with the computerized accounting system dates. In addition, two of 30 (7%) Illinois School for the Deaf fiscal year 2011 cash receipts were not deposited timely. In addition, at William W. Fox Developmental Center, three of 19 (16%) receipts tested did not include copies of the checks received.

- As a result of receipts tested for the Residents Trust Fund at Clyde L. Choate Mental Health and Developmental Center, auditors noted a data entry error, during which a duplicate receipt number corresponding to a $281 receipt, was entered into and accepted by the DHS Trust Fund Accounting System.

  Department officials stated oversight by the fund reconciliation staff and late receipt of a bank statement contributed to the discrepancies noted.

- At the Jacksonville Mental Health and Developmental Center, auditors noted the Center did not deposit locally held fund receipts in a timely manner. During testing, auditors noted 11 of 28 (39%) locally held fund receipts totaling $12,983 were deposited between 1 and 27 days late.
  - Other Special Trust fund: 4 of 10 (40%) of receipts totaling $5,711 were deposited between 3 and 4 days late.
  - Rehabilitation Workshop Fund: 4 of 8 (50%) of receipts totaling $1,046 were deposited between 2 and 27 days late.
  - Residents Trust Fund: 3 of 10 (30%) of receipts totaling $6,226 were deposited between 1 and 3 days late.

  Center personnel stated the late deposits were due to staff shortages which resulted in missed or untimely deposits. The Public Funds Deposit Act (30 ILCS 225/1) states, "Any treasurer or other custodian of public funds may deposit such funds in a savings and loan association, savings bank, or State or national bank in this State. When such deposits become collected funds and are not needed for immediate disbursement, they shall be invested within 2 working days at prevailing rates or better."

Department officials stated a lack of oversight by the fund reconciliation staff and late receipt of a bank statement contributed to the discrepancies noted. (Finding Code No. 11-23, 09-26)

RECOMMENDATION:

We recommend the Department remind facility staff of the requirements set forth within the statutes, the Comptroller's SAMS Manual and Department policies and procedures related to the operation and maintenance of the locally held funds.

DEPARTMENT RESPONSE:

Agree. The Department will ensure that facility personnel are reminded of the requirements set forth within the statutes, the Comptroller's SAMS Manual and Department policies and procedures related to the operation and maintenance of the locally held funds.

11-24 FINDING: (Voucher processing, approval and payment)

The Department of Human Services (Department) did not maintain adequate controls over the processing, approval and payment of vouchers as required by the Illinois Administrative Code and Department policy.

As a result of testing random samples of invoice vouchers processed at the Central Office during the engagement period, auditors noted the following exceptions:

- Four of 120 (3%) invoice vouchers totaling $17,651 did not remit required prompt payment interest to vendors which totaled $510.

- Thirty-two of 328 (10%) invoice vouchers totaling $4,415,328 did not include adequate supporting documentation. For thirty-one of the vouchers, auditors were not provided supporting vendor invoices. For one voucher, auditors were provided an email and screenprints from the accounting system. However, a vendor invoice was not provided.

- Four of 180 (2%) invoice vouchers totaling $180,080 were not approved within 30 days after receipt of the vendor invoice. The vouchers were approved for payment from 19 to 92 days late.

- Two of 120 (2%) invoice vouchers totaling $103,120 contained errors during processing. One invoice voucher showed an approval date in the accounting system three months before the vendor invoice was received. The other invoice voucher was supported by a vendor invoice marked as paid the day before the invoice voucher was marked as approved for payment.

In addition to testing invoice vouchers processed at the Central Office, auditors also tested invoice vouchers processed at Department facilities during the engagement period noting the following exceptions:

- Eight of 123 (7%) contractual services invoice vouchers tested totaling $145,419 did not remit required prompt payment interest to vendors which totaled $3,272.

- Two of 228 (1%) operation of automotive invoice vouchers totaling $474 did not include adequate supporting documentation. For example, one voucher did not include the vendor invoice and the other voucher contained the vendor invoice which differed from the amount paid.

- Thirteen of 123 (11%) contractual services invoice vouchers totaling $230,204 were not approved within 30 days after receipt of the vendor invoice. The vouchers were approved for payment from 2 to 180 days late. Additionally, seven of 123 (6%) invoice vouchers totaling $69,080 did not contain a date stamp indicating the date the invoice was received. Auditors were unable to determine if these vouchers were approved timely.

- Four of 6 (67%) payroll vouchers tested at Chester Mental Health Center were not reviewed in a timely manner. The payroll expenditure reports were reviewed from 45 to 153 days after the payroll occurred.

- Twelve of 73 (16%) invoice vouchers totaling $66,777 at William A. Howe Developmental Center were not approved within 30 days. The vouchers were approved from 3 to 45 days late. Additionally, 6 of 73 (8%) invoice vouchers totaling $23,012 did not contain a date stamp indicating the date the invoice was received. Auditors were unable to determine if these vouchers were approved timely.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) states a State agency shall review in a timely manner each bill after its receipt to determine if the bill is a proper bill. A bill is not a proper bill if it contains one of the following defects, "lacks sufficient and/or correct information required by the agency to process the bill..." It further states, an agency shall approve proper bills or deny bills with defects, in whole or in part, within 30 days after receipt of the bill. The Code further states a payment is late if the date of payment is not within 60 days after the receipt of a proper bill or part of the bill.

In addition, the Code (74 Ill. Adm. Code 900.30) states it is the duty and responsibility of each State agency to develop and implement internal procedures that will permit full compliance with the provisions of the State Prompt Payment Act. All State agencies must maintain written or electronic records reflecting the date or dates on which: the goods were received and accepted or the services were rendered; the proper bill was received by the State agency; approval of payment of a bill was given by the Agency; a vendor bill was disapproved, in whole or in part, based upon a defect or what the State agency believes to be a defect; and the payment was issued by the Comptroller's Office.

The Code (74 Ill. Adm. Code 900.90) requires interest to be calculated for each individual vendor bill received. A determination of whether an interest penalty is owed is to be made for each individual bill. Likewise, the State Prompt Payment Act (30 ILCS 540/3.2(1)) states, "Any bill ...must be paid or the payment issued to the payee within 60 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 60-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month or fraction thereof after the end of this 60-day period, until final payment is made."

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Likewise, Statewide Accounting Management System (SAMS) Procedure 02.50.10 discusses internal controls in government. The Act and the SAMS procedures require the approval of expenditures based on proper supporting documentation, such as vendor invoices, prior to payment for applicable goods or services.

Department officials stated a lack of staff oversight, staff shortages and staffing changes in the payroll division at Chester Mental Health Center contributed to the deficiencies noted.

Failure to timely process and review vouchers results in late payment to vendors and interest penalties being levied against the Department. Failure to provide adequate supporting documentation for invoice vouchers weakens internal control and increases the likelihood that a loss from errors or irregularities could occur and not be detected in a timely manner. (Finding Code No. 11-24)

RECOMMENDATION:

We recommend the Department devote adequate resources and follow established policies to ensure invoice vouchers are processed, approved and paid in a timely manner to limit interest penalties.

DEPARTMENT RESPONSE:

Agree. The Department will devote adequate resources and follow established policies to ensure invoice vouchers are processed, approved and paid in a timely manner to limit interest penalties.

11-25 FINDING: (Failure to ensure expenditure reconciliations are prepared timely)

The Department of Human Services (Department) did not reconcile its expenditure balances with Illinois Office of Comptroller (Comptroller) records in a timely manner.

The Statewide Accounting Management System (SAMS) Procedure 11.40.20 states, "Each month, the Comptroller's Office distributes the Monthly Appropriation Status Report (SB01) to the agencies. The Monthly Appropriation Status Report should be reconciled on a timely basis to ensure the early detection and correction of errors."

In 5 of 5 (100%) monthly expenditure reconciliations tested, auditors noted the reconciliation was not performed timely. The reconciliations were completed between 6 to 11 months after the period being reconciled.

Department officials stated the exceptions were related to a decrease in staff available to prepare expenditure reconciliations.

Failure to prepare expenditure reconciliations on a timely basis increases the risk errors or irregularities could occur and not be detected and corrected on a timely basis. This is especially important as the Department expends over $5.5 billion per year. (Finding No. 11-25)

RECOMMENDATION:

We recommend the Department implement procedures to perform expenditure reconciliations in a timely manner.

DEPARTMENT RESPONSE:

Agree. The Department will enhance its process to perform expenditure reconciliations in a timely manner.

11-26 **<u>FINDING:</u>** (Inadequate recordkeeping for payroll and personnel files)

The Department of Human Services (Department) did not maintain all necessary and required supporting documentation in employee payroll and personnel files.

During testing of employee payroll and personnel files at the Central Office and Department facilities, auditors noted the following exceptions:

- In 71 of 120 (59%) payroll files tested, voluntary withholding payroll deduction authorization requests were not maintained in the files. The items missing included deferred compensation forms, union deduction cards, or insurance deduction cards. For example, this problem occurred in 17 of 19 (89%) payroll files tested at Gov. Samuel H. Shapiro Developmental Center. The Department's Administrative Directive 01.02.02.260 states, "Once a payment plan is arranged, an employee must complete a Payroll Deduction Authorization card (IL 444-4174)... in order to have the payments taken directly from his or her paycheck."

- In 4 of 120 (3%) payroll files tested, the number of dependents listed on an employee's W-4 did not match the number of dependents the Department used in computing payroll withholdings.

- In 20 of 120 (17%) payroll files tested, the employee's W-4 was not maintained on file, but the employee's payroll tax exemptions were greater than zero. For example, this problem occurred in 8 of 19 (42%) payroll files tested at Shapiro. The Department's Administrative Directive 01.02.02.260 states, "If no W-4 cards are completed by the employee, federal statute requires withholdings as single with zero (0) exemptions."

- In 1 of 120 (1%) payroll files tested, union dues were withheld in excess of the correct rate.

- In 1 of 120 (1%) payroll files tested, the deferred compensation withholding did not agree with the amount on the Deferred Compensation Plan Request (IL 444-4295).

- In 1 of 120 (1%) payroll files tested, the personnel file was not provided.

- In 3 of 120 (3%) personnel files tested, the employee's original application was not on file. The Department's Administrative Directive 01.02.04.030 states, "Personnel records should include any documents which have been used or are intended to be used in determining an employee's qualifications for employment, transfer, promotion, wage increase, discharge or disciplinary action. Examples of such documents include, but are not limited to, a resume or application, an employment contract, policies signed by the employee, performance evaluations, and certain disciplinary records."

- In 5 of 120 (4%) personnel files tested, the pay rate per the CMS-2 on file does not match the employee's actual pay amount. The CMS-2 documents the employee's rate of pay. The most current CMS-2 was not in the employee's file.

The Voluntary Payroll Deductions Act of 1983 (Act) (5 ILCS 340/4) states, "An employee may authorize the withholding of a portion of his or her salary or wages for contribution to a maximum number of 4 organizations...upon written request of a State employee, for each regular payroll period, from the salary or wages of the employee the amount specified in the written request for payment to the organization designated by the employee."

During testing of employees on leave of absence, auditors noted the following exceptions:

- In 3 of 50 (6%) leave of absences tested, auditors noted the Department was unable to provide the Physician's Statement Form (CMS-95) or additional verification of recovery while on leave for employees claiming non-service connected disability leave.

Department Administrative Directive 01.02.02.230 regarding non-service connected disability leave states, "Upon submission of a doctor's statement using the Physician's Statement Form (CMS-95) that includes diagnosis, prognosis, and estimated return to work date, the employee shall be granted leave of absence for the duration of the disability... During the leave, the employee shall provide additional written verification by a person licensed under the Illinois Medical Practices Act, similar laws of Illinois, other states or countries, or by an individual authorized by a recognized religious denomination to treat by prayer or spiritual means which includes the diagnosis, prognosis, and expected duration of the disability. The verification shall be made no less often than every thirty (30) days during a period of disability, unless precluded by the nature of the disability."

During testing of terminated employees, the following exceptions were noted:

- In 2 of 50 (4%) terminated employees tested, auditors noted the CMS-2 report was not completed properly. The reports did not contain all of the required information, such as base salary, dates of service, and various personnel information. As a result, auditors were unable to verify the employee's final paycheck was correct.

Department personnel stated the Department's Payroll Office had been formed in 1998 and the payroll files were obtained from five legacy agencies. Logistically, this caused problems with obtaining complete payroll files. In additional, staffing shortages have contributed to incomplete payroll files as well.

Without proper recordkeeping there is no documented basis for withholdings or leaves of absence. (Finding Code No. 11-26, 09-32, 07-21)

RECOMMENDATION:

We recommend the Department maintain the necessary required documentation in employee files including payroll deduction authorizations and leaves of absence.

DEPARTMENT RESPONSE:

Agree. The Department will implement controls to maintain the necessary required documentation in employee files including payroll deduction authorizations and leaves of absence. The Department will also maintain and review approvals for requested time off and overtime.

11-27 **FINDING:** (Employee performance evaluations not performed on a timely basis)

The Department of Human Services (Department) did not conduct employee performance evaluations on a timely basis.

During testing of personnel expenditures, auditors noted 6 of 32 (19%) Central Office employees sampled did not receive a performance evaluation on a timely basis. Many of these employees had not had evaluations for several years. Additionally, the Department could not provide documentation that an employee performance evaluation had been performed during the engagement period for 17 of 32 (53%) employees.

Auditors also noted 91 of 306 (30%) facility employees at thirteen of the twenty-one facilities did not receive a performance evaluation on a timely basis. Additionally, seven of the twenty-one facilities could not provide documentation that an employee performance evaluation had been performed during the engagement period for 43 of 217 (20%) employees.

Personnel rules issued by the Department of Central Management Services (80 Ill. Adm. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less often than annually. Annual evaluations support administrative personnel decisions by documenting regular performance measures. The Department's Administrative Directive 01.02.04.020 indicates that evaluations must be "permanently included in the employee's personnel file."

During testing of the timeliness of performance evaluations, other exceptions were noted related to performance evaluations.

- In four of twenty-one facilities tested, auditors noted 6 of 133 (5%) employee evaluations were not signed by the employee. Without the employee's signature, auditors were unable to determine whether the employee received their evaluation.

- In two of twenty-one facilities tested, auditors noted 2 of 30 (7%) annual evaluations were completed 33 to 77 days prior to the end of the evaluation period. In giving these evaluations before the end of the period, employees do not receive feedback on their performance for a portion of the period.

- At Elisabeth Ludeman Developmental Center, auditors noted the Center could not provide personnel files for 2 employees. Without the personnel files, auditors were unable to determine if the performance evaluations were performed.

Department personnel stated personnel managers sent out reports of upcoming evaluations and managers did not always comply. Furthermore, Department personnel stated performance evaluations were not always completed timely because supervisors and staff were busy performing additional duties resulting from a shortage of staff. In addition, Department personnel stated evaluations for merit compensation employees were not prioritized appropriately as the evaluations would not impact compensation increases for those employees. Department officials stated the lack of an electronic tracking system contributed to the discrepancies noted.

Without performance evaluations there is no documented basis for promotion, demotion, discharge, layoff, recall, or reinstatement and current employment status. (Finding Code No. 11-27, 09-33, 07-22, 05-15)

RECOMMENDATION:

We recommend the Department follow the Personnel Rules and hold management accountable for completing employee performance evaluations on a timely basis.

DEPARTMENT RESPONSE:

Agree. The Department will reinforce its process to follow the Personnel Rules and hold management accountable for completing employee performance evaluations on a timely basis.

11-28 **FINDING:** (Weaknesses in maintaining documentation of temporary employee assignments)

The Department of Human Services (Department) failed to follow their own administrative directives as well as State administrative rules for administering temporary employee assignments.

During testing of temporary employee assignments, the Department was unable to provide documentation for 16 of 50 (32%) employees tested who currently work in temporary assignment positions. Because there was no documentation, auditors were unable to determine how long the employees had been functioning in these positions. The exceptions were noted in 8 of 15 (53%) locations tested.

The Illinois Administrative Code (80 Ill. Adm. Code 302.150) defines a temporary appointment as, "For persons in positions to perform temporary or seasonal work. No position shall be filled by temporary appointment for more than 6 months out of any 12-month period." Department Administrative Directive 01.02.01.110 "Interim Assignment Procedures" states interim assignment for bargaining unit employees to higher bargaining unit titles, Merit Compensation or Salary Grade titles is accomplished through completion of the "Interim Assignment Request" form (IL444-4181). All sections of this form must be completed for consideration and approval of temporary assignment.

Department officials stated the exceptions were a result of lack of staff oversight due to temporary assignment that occurs on a daily basis at DHS' 24/7 operations when an employee takes unscheduled benefit time and the shift needs to be covered. Often, the fast pace of covering the shift results in the proper forms not being completed.

Failure to maintain adequate documentation for temporary employee assignments is an internal control weakness that could lead to abuse. Temporary employee assignments are, by their nature, not meant to be permanent and may result in higher pay rates. As a result, there is a greater opportunity for waste, fraud or abuse if there are a lack of mitigating controls and supporting documentation. (Finding Code No. 11-28, 09-34, 07-23)

RECOMMENDATION:

We recommend the Department maintain the required documentation in order to substantiate all temporary employee assignments.

DEPARTMENT RESPONSE:

Agree. The Department will reinforce its process to maintain the required documentation in order to substantiate all temporary employee assignments.

11-29 FINDING: (Time records not maintained in compliance with the State Officials and Employees Ethics Act)

The Illinois Department of Human Services (Department) did not maintain time records in compliance with the State Officials and Employees Ethics Act (Act).

Auditors noted the following exceptions at Department facilities:

- 209 of 883 (24%) employee Monthly Attendance Records, which document that employee time was spent on official State business, were not retained at 12 of 21 facilities.

- 96 of 769 (12%) employee Monthly Attendance Records were not signed and dated by the employee, supervisor, and/or timekeeper within five working days of the employee's submission at 14 of 21 facilities tested. The supervisor or timekeeper signed the Monthly Attendance Records between 1 and 460 days late.

- 52 of 771 (7%) employee Monthly Attendance Records were missing required signatures and/or dates from the employee, supervisor, and/or timekeeper at 12 of 21 facilities tested. As a result, the auditors could not determine whether the Monthly Attendance Record was signed and approved within the required time period.

- 1 of 21 (5%) facilities tested (Jack Mabley Development Center) did not maintain proper segregation of duties over its timekeeping function. The facility failed to designate an employee to record the time and attendance for the usual timekeeper. Inadequate segregation of duties in the timekeeping function could result in the improper reporting of hours worked for the facility's timekeeper. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law; and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation."

The Act (5 ILCS 430/5-5(c)) requires the Department to adopt personnel policies consistent with the Act. The Act states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour." The Act further requires timesheets be maintained by the fiscal office of a period of at least two years.

The Illinois Department of Human Services' Administrative Directive 01.02.02.170 requires a Monthly Attendance Record (Report) which documents that employee time was spent on official State business to be reviewed and signed by the employee, timekeeper, and supervisor within five working days. In addition, if the Report is not accurate the employee is required to complete an Employee Time Corrections Report which shall be attached to the Report. The facilities are to ensure the signed Reports and any Employee Time Correction Reports are maintained in the employee's official timekeeping file.

Department officials stated the unintentional lack of oversight, staff shortages and employees on vacation or leave of absence contributed to the discrepancies noted.

By not maintaining appropriate time records, the Department is not in compliance with the Act. (Finding Code No. 11-29, 09-35)

RECOMMENDATION:

We recommend the Department remind supervisors and employees of the requirements of Administrative Directive 01.02.02.170 to timely sign and maintain the Monthly Attendance Records.

DEPARTMENT RESPONSE:

Agree. The Department will remind supervisors and employees of the requirements of Administrative Directive 01.02.02.170 to timely sign and maintain the Monthly Attendance Records.

11-30 FINDING: (Lack of physical control over State property)

The Department of Human Services (Department) did not have adequate physical control over or recordkeeping for State property.

As of June 30, 2011, the Department valued its State property at $220,826,000. During testing of property and equipment at the Central Office and Department facilities, the following discrepancies were noted:

- Six of the 21 (29%) facilities tested, the property records did not agree with the observed physical location or description of the equipment, totaling $10,078. For example, at Jack Mabley Developmental Center, auditors noted 5 of 10 (50%) of the equipment items observed, totaling $3,620, did not agree with the observed location or description. In 6 instances, the Department was not able to provide support verifying that items totaling $40,081 were either scrapped, surplused, transferred or loaned to a different location.

- Five of the 21 (24%) facilities tested, items physically observed were not recorded on the respective location property listings, and the Department was not able to provide support verifying the items were recently transferred or loaned to the location. At William W. Fox Developmental Center, 7 of 25 (28%) of the equipment items tested could not be traced from the physical asset to the inventory report. In addition, at Clyde L. Choate Mental Health Center, 3 of 10 (30%) equipment items totaling $3,291 could not be physically located. At the Central Office, 3 items could not be located. At Jack Mabley Developmental Center, auditors noted 9 of 15 (60%) equipment items, totaling $11,935, where the physical location observed did not trace to the property records. In addition, at the Central Office there were seven instances where inventory items were not on the inventory list provided.

- Four of 21 (19%) facilities tested, inventory items were identified that did not have inventory identification tags properly affixed. For example, at Elisabeth Ludeman Developmental Center, 1 of 15 (7%) equipment transactions tested, the facility could not provide adequate documentation for a State passenger van transaction. The vehicle was valued at $16,989 and had no identification tag number. At the Central Office, two items had no inventory identification tags.

- Two of 21 (10%) facilities tested, auditors noted equipment transaction errors resulting in overstatements of property and equipment totaling $270,450. In addition, Illinois School for the Deaf did not timely record an equipment transaction, which resulted in an overstatement of $406. Jack Mabley Developmental Center had not updated their Warehouse Control System records in order to identify the current Property Control Coordinator.

- Four of 21 (19%) facilities tested contained equipment items, totaling $90,210, which appeared to be obsolete at the time of observation.

- At Clyde L. Choate Mental Health Center, auditors noted deterioration of property and equipment, including peeling paint, missing floor and ceiling tiles, and outdated windows. In addition, auditors noted 459 old unused items consisting of typewriters, desks, chairs, printers, computers, etc. totaling $241,474.

- At Jacksonville Mental Health and Developmental Center, auditors noted the facility did not adequately maintain its buildings and grounds. During a tour of the facility, auditors noted a significant amount of mold growth near a heater in a dining area in the Bowen building which is utilized by residents and employees. Mold was also found in recently vacated offices from the floor to the ceiling. Additionally, auditors noted much of the ceiling, walls, and carpeting had water damage due to a leaky roof.

- At Elgin and Tinley Park Mental Health Centers, auditors noted severe deterioration of buildings and grounds. At Elgin Mental Health Center, a water main failed in February 2011 causing damage to the Medical Building which required emergency repairs totaling $129,154. An x-ray machine valued at $9,443 was not in use by the facility and should be transferred to CMS as surplus. A computer server valued at $1,377 was being stored in a location where severe water damage occurred.

- At the Central Office, auditors were unable to locate a printer valued at $533,835. Department personnel were unable to provide documentation at the time of physical count. The auditors subsequently received documentation from the Department verifying the item was transferred to CMS as surplus. The printer was not properly tagged with a property control tag; therefore, the Department overlooked completing the transfer documentation.

- At Elisabeth Ludeman Developmental Center, 11 of 12 (92%) equipment items categorized as waiting for disposal did not trace to the property listing. As a result, auditors were unable to determine their value.

- At Tinley Park Mental Health Center, auditors noted the facility incorrectly recorded two permanent improvements to buildings, totaling $690,000, as repair and maintenance expense when those costs should have been capitalized.

- At Elisabeth Ludeman Developmental Center, auditors noted the building in which equipment property items are stored is not properly secure from possible theft.

The following exceptions were identified related to the Department's process of deletions to property records:

  - In 1 of 30 (3%) deletions tested, the Property Control Coordinator (PCC) did not submit a CMS Request for Deletion from Inventory Form (Form IL 401-1353). The Department's Property Control Policy requires this form to be completed. The lack of documenting the deletion was an oversight by the PCC.

- In 3 of 30 (10%) deletions tested, the Form (IL444-0701) was not properly completed. The deletions, which totaled $6,107, were a result of a net transfer to another State agency. According to the Department's Property Control System, this form must be completed for this type of deletion transaction.

The State Property Control Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation. Furthermore, it states that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial statistical reports and to maintain accountability over the State's resources.

Department officials stated the deficiencies noted were as a result of human error, lack of oversight, changes of personnel and untimely submission of corresponding paperwork.

Failure to properly control and record State property is non-compliance with the State Property Control Act. In addition, failure to properly record State property can lead to inaccurate financial information being reported. (Finding Code No. 11-30, 09-36, 07-14, 05-20)

RECOMMENDATION:

We recommend the Department comply with the State Property Control Act and Department policies and procedures for State property control. Specifically, the Department should place inventory decals on all State property, document and control property movements, submit documents to the Property Control Unit timely for updates to the property list, physically inspect State property periodically, and transfer unused State property items to the Department warehouse. The Department should also adequately maintain buildings and facilities to prevent further deterioration.

DEPARTMENT RESPONSE:

Agree. The Department will comply with the State Property Control Act and Department policies and procedures for State property control to ensure adequate physical control over or recordkeeping for State property.

11-31 FINDING: (Failure to transfer surplus real property)

The Department of Human Services (Department) did not follow the required procedures for surplus real property. The Department failed to transfer the Lincoln Developmental Center (LDC) to the Department of Central Management Services (DCMS).

The Department ceased housing residents at LDC in August 2002. Although there was no formal agreement, DCMS became responsible for LDC effective July 1, 2010. However, the property is still recorded on the property records and in the financial statements of the Department.

Auditors noted the following responses to inquiries and observations during a site visit at LDC on January 13, 2012:

- The Department has not used the property since August 2002.
- The property includes 104 acres.
- Twenty-four buildings were built prior to the 1980's and 5 buildings were built during 2006.
- Nineteen of the 24 buildings (79%) are not being used by any State agency.
- The Department does not use any of the buildings.
- Buildings are used by the Department of Corrections, Illinois State Police, DCMS, and Illinois Correctional Industries.
- Several older buildings had water damage and evidence of mold.
- Three of the older buildings have substantial asbestos issues.
- Most of the older buildings were empty except for permanent fixtures related to kitchen and restroom amenities.
- All first floor windows of the older buildings were boarded up to deter break-ins.
- Copper gutters had been stolen from the exterior of one building.

The Department was to retain custody of the property until the future use of the site was determined. However, LDC is being used by several State agencies excluding the Department. The Department incurred maintenance costs totaling $744 thousand and $503 thousand during fiscal years 2009 and 2010, respectively. The Department did not have an appropriation and did not spend anything during fiscal year 2011. DCMS is managing the property and incurring the maintenance costs effective fiscal year 2011. The net value of the property recorded in the Department's financial statements is $9.665 million which is net of $36.681 million of accumulated depreciation.

The Department is required by Rules (44 Ill. Adm. Code 5000 et seq.) to notify DCMS of surplus real property and formally initiate the transfer of the property. The Rules (44 Ill. Adm. Code 5000.700) define surplus real property as "any real property to which the State holds fee simple title or lessor interest,...and for which there is no forseeable use by that agency." The Department is required to declare surplus property as soon as possible (44 Ill. Adm. Code 5000.710 and 5000.730).

The Department is required to execute a quitclaim deed conveying the property to the State of Illinois and execute a Memorandum of Transfer form provided by DCMS (44 Ill. Adm. Code 5000.760). The Rules (44 Ill. Adm. Code 5000.770) go on to state:

"Surplus real property will normally be maintained by the transferor agency until disposal. No surplus real property shall be transferred to DCMS control except with the prior written approval of DCMS. Unless specifically waived, acceptance will be conditioned upon the following:

a) Ability of DCMS to obtain an appropriation sufficient to prevent deterioration,
b) receipt of full legal description, title documents and building records,
c) proper and orderly shut-down of transferor agency operations, including payment of all outstanding bills, removal of unwanted items of equipment and commodities, removal of all trash and leaving premises clean."

The Department should have officially transferred the property to DCMS once DCMS assumed custody and control. Since DCMS now controls the property, it would be more appropriate for DCMS to report LDC on its property records.

Department officials stated this effort was initiated with DCMS. The Department will continue to work with DCMS to initiate the Quit Deed from DHS to DCMS for the Lincoln Developmental Center.

Failure to timely and properly transfer surplus property is non-compliance with the Rules and leads to inaccurate financial information being reported. (Finding Code No. 11-31)

RECOMMENDATION:

We recommend the Department transfer LDC to DCMS to comply with the Rules regarding acquisition, management and disposal of real property.

DEPARTMENT RESPONSE:

Agree. The Department will continue to work with DCMS to initiate the process of the Quick Claim Deed from the Department of Human Services (DHS) to the Department of Central Management Services (DCMS) for the Lincoln Developmental Center to ensure compliance with the Rules regarding acquisition, management and disposal of real property.

11-32 FINDING: (Controls over telecommunication services and expenditures)

The Department of Human Services (Department) did not maintain adequate controls over telecommunication services and expenditures.

During testing of detail billings for telephone and cell phone charges to determine if the Department performed a timely review of the vendor invoices and monitored charges for services and expenditures, auditors noted the following:

- In 6 of 40 (15%) unusual telephone calls reviewed, auditors noted the Department could not explain the nature of the phone call.

- In 1 of 40 (2%) unusual telephone calls reviewed, auditors noted the call was personal in nature, but since the employee is no longer employed by the Department, the Department cannot recover costs associated with the call.

- At Jack Mabley Developmental Center, auditors noted the Center did not enforce its policy with regard to review of telephone usage. The facility was unable to obtain detail of telecommunications charge by extension since the facility switched its telephone system in July 2009. As a result, it does not have the capability determine unauthorized charges and seek reimbursement. In addition, telephone logs are not maintained for all land lines to assist with the monitoring of telephone usage.

- At Jacksonville Mental Health and Developmental Center, auditors noted the Center did not have the ability to monitor State telephone usage and therefore could not determine if employees needed to reimburse the State for personal phone calls made on State time. Further, auditors noted the condition of the telephone cables produce hazardous working conditions. Center personnel explained the phone lines are currently located in steam tunnels, and ongoing exposure to humidity has resulted in deterioration and unpredictable outages in the Center's telephone system.

The Department expended $593,280 and $938,580 for telecommunications services during fiscal years 2011 and 2010, respectively.

The Department's Administrative Directive 01.02.03.030 requires the head of a unit or designee to review telephone bills for patterns of unusual charges or questionable numbers. Any unauthorized charges are to be reconciled by (1) obtaining employee payment for unauthorized calls, (2) explaining an incorrect billing, or (3) seeking assistance from the Office of Business Service, Bureau of Administrative Services, for telephone charges that cannot be reconciled.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) requires State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, unauthorized use, and misappropriation which would include enforcing procedures to review telephone usage. Good business practices require an agency to maintain telephone logs on phones where there are multiple users or access to the phone is not restricted. Telephone logs would assist agency in identifying misuse.

Department officials stated the lack of staff oversight and outdated telephone system which makes it difficult to track phone usage contributed to the deficiencies noted.

These weaknesses could lead to excessive or unnecessary expenditures for telecommunications services. (Finding Code No. 11-32)

RECOMMENDATION:

We recommend the Department enforce procedures to ensure monitoring of telecommunications charges and services, as well as adherence to Department guidelines and policies.

DEPARTMENT RESPONSE:

Agree. The Department will enforce procedures to ensure monitoring of telecommunications charges and services, as well as adherence to Department guidelines and policies.

11-33 FINDING: (Telephone calling cards and cell phones not cancelled on a timely basis)

The Department of Human Services (Department) is not canceling telephone calling cards and cell phones on a timely basis when an employee retires, transfers, or otherwise leaves the Department.

Twenty five telecommunications cancellation requests processed during the engagement period were tested. Thirteen items (52%) were not cancelled in a timely manner ranging from 9 to 270 days after the employee left the Department. Telecommunications records were also noted as not being updated for changes in assignments of equipment, such as cell phones and calling cards.

The Department requires a "Closeout/Exit Report and Personnel Termination/Transfer Checklist" be completed by all employees prior to their separation. This form includes a listing of various items the employee must turn in before leaving, including State property. Once all applicable items are checked off, the form and the returned items are verified by the employee's supervisor and Property Control Coordinator. Additionally, Department Administrative Directive 01.02.02.180 states, "...the appropriate Property Control Coordinator who will forward a request as soon as possible (preferably within 48 hours and no later than 7 days) to DHS MIS staff on all telecommunication cancellations, allowing MIS time to submit to the Bureau of Technical Services at CMS within 21 days of notification of any situation that necessitates cancellation, along with a reason for the cancellation or documentation as to why the device does not need to be cancelled."

Department personnel stated the employees' supervisors are not forwarding the proper information to DHS MIS staff in a timely manner, resulting in delays in submitting cancellation requests to CMS.

Failure to perform timely telecommunication device cancellations could result in misuse of State funds due to possible abuse. Good internal control procedures dictate Department telecommunication devices be cancelled whenever an employee terminates to avoid future misuse of the device and adequate telecommunications records be maintained. (Finding Code No. 11-33, 09-37)

RECOMMENDATION:

We recommend the Department remind employees to follow procedures and submit all telephone calling card cancellation requests to the Property Control Coordinator immediately upon notification of a situation that necessitates cancellation, along with a reason for the cancellation, to ensure adequate documentation and timely compliance. In addition, we recommend the Department maintain accurate and up to date records of telecommunications devices in instances where devices have been transferred to other employees.

DEPARTMENT RESPONSE:

Agree. The Department will remind employees to follow procedures and submit all telephone calling card cancellation requests to the Property Control Coordinator immediately upon notification of a situation that necessitates cancellation, along with a reason for the cancellation, to ensure adequate documentation and timely compliance. In addition, the Department will enhance its process to maintain accurate and up to date records of telecommunications devices in instances where devices have been transferred to other employees.

11-34 **<u>FINDING</u>:** (Inadequate records for State vehicles assigned to Department employees)

The Department of Human Services (Department) did not maintain adequate records for Department owned vehicles.

During the engagement period, the Department had 553 vehicles, 15 of which were specifically assigned to Department employees. The Department's vehicle coordinator is responsible for monitoring the fleet database, which tracks mileage and maintenance for all Department vehicles.

Records for all 15 personally assigned vehicles were tested during the engagement period. Auditors identified instances of failure to file required reports, inadequate vehicle maintenance, and incomplete records.

Specific problems noted were as follows:

- In 5 of 15 (33%) assigned vehicles tested, the employee did not perform regular maintenance on the vehicle. For example, the mileage recorded in between oil changes ranged from 7,000 to 22,000 miles. According to 44 Ill. Adm. Code 5040.400, "All state-owned....or leased vehicles which fall under this Part shall undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Driver should check oil, coolant, and battery water levels (if possible) regularly, such as at each refueling." Furthermore, the Department's Administrative Directive 01.05.05.070 states, "Employees operating an assigned vehicle are responsible for the general maintenance and upkeep of the assigned vehicle." Good business practice dictates vehicles be maintained to prevent excessive repair costs in the future. Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles.

- In 5 of the 15 (33%) assigned vehicles tested, the employees failed to consistently file the Quarterly Report of Commuting (form IL444-4723). Three employees did not file reports and two employees did not file reports in a timely manner. The IRS considers the use of a personally assigned vehicle to be a fringe benefit when used for commuting. According to DHS Administrative Directive 01.05.05.070, "A flat fee of $3.00 per day is assessed for the commuting-use assigned vehicle for tax purposes." The form is also required to be filed with DHS Payroll "no later than the 15th of the month following the last month of the quarter." For those employees who do not file the report, they will be charged "for the entire quarter that the report was not received."

- In 14 of 15 (93%) assigned vehicles tested, the employee did not meet the minimum-usage requirement of 1,500 miles per month, as required by the Illinois Administrative Code (Title 44, Subtitle D, Chapter I, part 5040, Section 5040.270). The Code states, "New and leased general purpose passenger vehicles are to be used a minimum of 1,500 miles per month."

- One employee submitted claims for mileage reimbursement even though he had been issued a personally assigned State vehicle. The employee was reimbursed for mileage totaling $946. Department personnel could not explain why the individual did not use his State vehicle and Department records did not indicate the State vehicle was being repaired.

- In 1 of 15 (7%) assigned vehicles tested, the Agency did not report the name of the assignee to CMS. The Illinois Administrative Code (Title 44, Subtitle D, Chapter I, part 5040, Section 5040.340) states, "Agencies will be required to report to DCMS annually and when changes occur the names of each employee assigned a vehicle, the equipment number and license plate number of the assigned vehicle, employee's headquarters, and residence."

- In 1 of 15 (7%) assigned vehicles tested, the Department did not have monthly vehicle logs on hand for one employee for 6 months. Monthly vehicle logs contain information involving the employee's use of the vehicle, such as mileage driven, maintenance performed, and costs which were reimbursed. Since the Department did not have the monthly vehicle logs on file, the auditors were unable to test the reimbursements the employee submitted during the period.

Similar weaknesses were reported at the Department in the previous three reports. An analysis summarizing the exceptions identified in the current and past two reports is noted in the following table:

	Two Years Ending June 30,		
Exceptions in Testing Assigned Vehicles	2011	2009	2007
Vehicle database was missing or had incorrect information		X	X
License and insurance coverage certification not filed			X
Database lacked information on vehicle in an accident			X
Employee assigned a vehicle was paid for mileage	X	X	X
License number for vehicle expense did not agree to listing			X
No vehicle identification documented for vehicle expense			X
No policy to ensure assigned vehicles properly maintained			X
Employees failed to perform regular maintenance	X		
Quarterly Report of Commuting was not properly filed	X	X	
Employees failed to meet minimum mileage requirements	X		
Failure to report assignee to CMS	X		
Missing Monthly Vehicle logs	X		

The Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, and Part 5040) outlines general procedures regarding State vehicles including acquisition, use, maintenance, and other miscellaneous areas relating to State vehicles. In addition, the Department should follow guidance provided by the Department of Central Management Services related to vehicles.

Department officials stated the unintentional lack of oversight by staff and failure to file required reports contributed to deficiencies noted.

Complete and accurate information is critical to effectively manage the Department's fleet of vehicles. Good business practice requires the Department have a system in place to provide the vehicle coordinator with the proper information needed to monitor the Department's vehicles ensuring the vehicle fleet is properly maintained. The Department should establish and enforce procedures related to the operation of automobiles in accordance with the Illinois Administrative Code. (Finding Code No. 11-34, 09-38, 07-25, 05-21, 03-21)

RECOMMENDATION:

We recommend the Department maintain adequate records for Department owned vehicles. Further, the Department should monitor the assignment of vehicles and ensure all required forms are obtained on a timely basis.

DEPARTMENT RESPONSE:

Agree. The Department will enhance its process to maintain adequate records for Department owned vehicles and monitor the assignment of vehicles to ensure all required forms are obtained on a timely basis.

11-35 <u>FINDING</u>: (Contingency planning weaknesses)

The Department of Human Services (Department) had not ensured adequate planning for the recovery of its applications and data. In particular, acceptable disaster recovery capabilities did not exist to ensure that critical computer systems (integral to ensuring the safety and well-being of its clients) could be recovered within the required timeframe.

The Department relies on Information Technology for carrying out its daily operations, and had identified four computer systems (Unit Dose, Clinical Lab, Clinical Information, and Clinical Inpatient System) that require recovery within 24 hours to ensure the safety and well-being of its clients.

The Department updated its contingency plan in April 2011; however, the plan did not adequately address all facilities.

In addition, the Department participated in the annual comprehensive Disaster Recovery exercise in September 2011. Although the Department was able to recover its critical systems and considered the test a success, the Department was not able to recover its critical systems within the required 24-hour timeframe.

Many of the Department's IT functions were consolidated into the Department of Central Management Services (DCMS). As a result, the Department and DCMS have a shared responsibility over disaster contingency planning. Although the Department shares some responsibility with DCMS, the Department has the ultimate responsibility to ensure it has the capability to recover its applications and data.

Information technology guidance (including the National Institute of Standards and Technology and Governmental Accountability Office) endorses the formal development and testing of disaster contingency plans. Tests of disaster contingency plans (and the associated documentation of the test results) verify that the plan, procedures, resources (including personnel) provide the capability to recover critical systems within the required timeframes. Ensuring adequate recovery capability is necessary to ensure recovery of critical systems and data within the required timeframes.

Department officials stated a recovery site capable of being configured within the recovery time frame did not exist.

Failure to have acceptable and timely recovery capability for the Department's critical systems could have devastating impacts on the safety and well being of the clients receiving services. Having acceptable recovery capability would assist the Department in minimizing the impact associated with a disaster, promote recovery of its computer operations in a timely and effective manner, and ensure the safety and well being of impacted clients. (Finding Code No. 11-35, 09-30, 07-28, 05-24)

RECOMMENDATION:

The Department should establish and document guidelines that outline both the Department's and DCMS responsibilities for recovery of its critical computer systems. Specifically, the Department should:

- Work with DCMS to ensure recovery of its critical computer systems within the required 24-hour timeframe;

- Perform and document tests of its recovery capabilities at least once a year. Due to the critical nature of the recovery requirements, the Department should ensure tests demonstrate the ability to meet the 24-hour timeframe.

- Continually review and update its contingency plan to reflect the current operating environment and ensure all of its facilities have an adequately developed and tested contingency plan.

DEPARTMENT RESPONSE:

Agree. As reported to the auditors, the May 2012 Disaster Recovery (DR) test was a 100 percent successful test and DHS was able to recover within the 24 hour requirement. DHS participates in the annual CMS DR test and have for more than 10 years as this is a CMS requirement to maintain our Category 1 DR systems. The Bureau of Security, Planning and Quality Assurance (QA) updates the DR plan annually. For points 2 and 3, perhaps sufficient documentation was not provided, but the Department has been doing those suggested recommendations.

11-36 **FINDING:** (Access to Department production data not adequately restricted)

The Department of Human Service (Department) did not adequately restrict access to its production data.

Department Management Information Systems (MIS) Standards state, "Development personnel are not normally allowed access to transactions that are in production status. Execution of an update transaction requires the documented permission of the Manager of Information Management and Development or the Chief of MIS."

Excessive access rights to production data were identified. In some cases, all users of an application also had access rights to the actual production data. Although many of these users were unaware they possessed this access, access to production data should be restricted. It appears the Department is not reviewing access to its production data on a regular basis, which has contributed to the datasets not being adequately restricted.

In addition, weaknesses were found in the use of the Department's User ID Action Request form used to assign access rights. Twenty-five employees were selected for testing from a list of new Department employees for fiscal years 2010 and 2011. Of the 25 forms requested, the Department was unable to provide 3 of the forms and 11 forms did not contain the appropriate signatures.

Department officials stated a shortage of staff contributed to deficiencies noted.

Failure to adequately restrict access to production data exposes the Department to a risk of unauthorized changes being made to the programs and datasets. Unauthorized and undetected changes to programs or data could result in a destruction of data and possibly impact overall system integrity. (Finding Code No. 11-36, 09-31)

RECOMMENDATION:

The Department should periodically review and assess access to its production data and limit access only to required individuals.

In addition, the Department should ensure the Department's User ID Action Request form is properly completed and retained.

DEPARTMENT RESPONSE:

Agree. Access to two specific libraries will be reviewed and appropriate action taken by August 31, 2012. The Security Coordinators that did not complete the access forms correctly will be reminded of proper procedures.

11-37 <u>FINDING</u>: (Late submission of required reports)

The Department of Human Services (Department) did not submit required reports to the Governor and the General Assembly in a timely manner as required by State law. Facilities also did not submit required reports to the Central Office.

During the engagement period, the Department was required to submit various reports to the Governor and the General Assembly. These reports related to children with developmental disabilities, the Work Opportunity Tax Credit, the Agency Workforce Reports, the streamlining of auditing and accreditation systems with other human service departments, and the Commission on Children and Youth. None of these reports were filed in a timely manner.

- The Department of Human Services Act (20 ILCS 1305/10-55) states, "On or before March 1, 2008, the Department shall submit a report to the Governor and to the General Assembly regarding the extent to which children (i) with developmental disabilities, mental illness, severe emotional disorders, or more than one of these disabilities, and (ii) who are currently being provided services in an institution, could otherwise be served in a less-restrictive community or home-based setting for the same cost or for a lower cost. The Department shall submit bi-annual updated reports to the Governor and the General Assembly no later than March 1 of each even-numbered year beginning in 2010."

  The Department submitted the report on April 5, 2010 (35 days late). The contents of the report complied with the requirements outlined in the statute.

- The Department of Human Services Act (20 ILCS 1305/10-27) states, "The Department shall collect, during the period of July 1, 2009 through June 30, 2010, information regarding all of the following: (1) The number of employers that have claimed the Work Opportunity Tax Credit and the amounts claimed during this time frame. (2) The size of the employer claiming the Work Opportunity Tax Credit and whether the employer is a small business or a large business... The Department shall submit a report, annually, to the Governor and the General Assembly concerning its actions under this Section."

  The Department did not collect information concerning the Work Opportunity Tax Credit nor did it submit a report to the Governor and the General Assembly.

- The State Employment Records Act (5 ILCS 410 <u>et</u> <u>seq</u>.) requires State agencies to file annual Agency Workforce Reports (Report) with the Office of the Secretary of State and the Governor. These reports provide the State with adequate information of the number of minorities, women, and physically disabled persons employed by State government within the State work force. The Act (5 ILCS 410/20) states, "Agencies shall file, as public information and by January 1, 1993 and each year thereafter, a copy of all reports required by this Act with the Office of the Secretary of State, and shall submit an annual report to the Governor."

The Department filed the fiscal year 2010 Report with the Secretary of State, but failed to file the Report with the Governor's Office.

- The Commission on Children and Youth Act (20 ILCS 4075/35) states, "The Commission shall issue an interim report to the Governor and to the General Assembly on the Commission's activities on or before December 31, 2009. A draft strategic plan shall be submitted to the Governor and to the General Assembly on or before December 31, 2010. The final strategic plan shall be submitted to the Governor and to the General Assembly on or before June 1, 2011."

  The Department shall provide administrative support to the Commission. The auditors were not provided documentation to verify the Commission on Children and Youth submitted various reports to the Governor and General Assembly. The purpose of this Commission is to create a comprehensive 5-year strategic plan for providing services to children, youth and young adults in Illinois.

Auditors also noted facilities failed to provide required reports to the Central Office in a timely manner. These reports related to monthly reporting of persons admitted to, residing at, or discharged from the facility; and monthly statements to the Department of Human Services detailing the collections from the sales in the habilitation workshop program.

- At 2 of 21 (10%) facilities (Elgin Mental Health Center and Warren G. Murray Developmental Center), auditors noted the facility did not prepare and send a monthly report of persons admitted to, residing at, or discharged from the facility to the Secretary of the Department of Human Services. The Mental Health and Developmental Disabilities Code (405 ILCS 5/4-203(b)) states, "The Department shall ensure that a monthly report is maintained for each Department mental health facility...and developmental disability facility...which lists (1) initials of persons admitted to, residing at, or discharged from a Department mental health facility... (2) the date and facility and unit of admission or continuing care...."

  At one facility, management stated insufficient staffing levels and oversight contributed to the noted discrepancies. At the other facility, management stated the information was available in their database, and they were unaware of the requirement to create and maintain monthly reports.

- At Jacksonville Mental Health and Developmental Center, auditors noted the Center did not submit monthly statements to the Department's Central Office detailing the collections from the sales in the habilitation workshop program. Program sales totaled $36,554 for fiscal years 2010 and 2011. The Mental Health and Developmental Disabilities Administrative Act (20 ILCS 1705/21) states, "A detailed statement of such collections shall be made monthly to the Department by the director of the facility."

  Department officials stated the reports were not submitted due to the lack of staff oversight.

Failure to submit required reports to the Governor and General Assembly in a timely manner is in noncompliance with State law and could impact decisions made by the Governor and General Assembly. (Finding Code No. 11-37, 09-27)

RECOMMENDATION:

We recommend the Department submit all reports on or before the due date specified in State law and management at Department facilities be reminded of reporting requirements to the Department's Central Office.

DEPARTMENT RESPONSE:

Agree. The Department will ensure that all reports are submitted on or before the due date specified in State law.

11-38 **FINDING:** (Failure to make appointments in accordance with State law)

The Department of Human Services (Department) did not make appointments to State boards and commissions or did not make timely appointments as follows:

- The Secretary of the Department did not appoint five physicians to a medical advisory panel as required by the Mental Health and Developmental Disabilities Administrative Act (Act) (20 ILCS 1705/18.3).

  The Act states, "The Department shall develop an effective, integrated system for delivering State-funded and State-operated services to persons with mental illness... The Department shall form a medical advisory panel, appointed by the Secretary, comprised of 5 physicians licensed to practice medicine in all its branches with a special emphasis in treating mental illness, to provide advice on care rendered to patients in any integrated delivery system."

  In response to the previous finding, Department officials stated the statute should be revised or eliminated to better reflect the new reality of system change and transformation. Auditors currently noted the Department has not made any progress in revising or eliminating the statute. In addition, auditors noted the Secretary still has not appointed physicians to the medical advisory panel as required by State law.

- The Department did not appoint a representative as an ex-officio member of the Illinois Health Information Exchange Authority. The Authority was created to promote, develop, and sustain health information exchange at the State level.

  The Illinois Health Information Exchange and Technology Act (20 ILCS 3860/15) states, "The Secretary of the Illinois Department of Human Services, or their designees... shall serve as ex-officio members of the Authority."

- The Department appointed a representative for only one of its six Divisions to the Employment and Economic Opportunity for Persons with Disabilities Task Force. The Task Force shall analyze programs and policies of the State to determine what changes, modifications, and innovations may be necessary to remove barriers to competitive employment and economic opportunity for persons with disabilities.

  The Employment and Economic Opportunity for Persons with Disabilities Task Force Act (20 ILCS 4095/10(c)) states, "The Task Force shall be comprised of the following representatives of State Government... representatives of each division of the Department of Human Services, designated by the Secretary of Human Services."

- The Department did not appoint a representative to the Task Force on Inventorying Employment Restrictions. The purpose of the Task Force is to review the statutes, administrative rules, policies and practices that restrict employment of persons with a criminal history.

The Task Force on Inventorying Employment Restrictions Act (20 ILCS 5000/15(b)) states, "The...Secretary of,...or his or her designee... the Department of Human Services...are members of the Task Force."

- The Department did not appoint a designee to be an ex-officio, nonvoting member to a commission created by the Governor to review funding methodologies, identify gaps in funding, identify revenue, and prioritize use of that revenue.

  The Community Service Act (405 ILCS 30/4(d)) states, "The commission shall also have the following ex-officio, nonvoting members... the Director of the Department of Human Services Division of Developmental Disabilities or his or her designee; the Director of the Department of Human Services Division of Mental Health or his or her designee; and the Director of the Department of Human Services Division of Alcohol and Substance Abuse or his or her designee."

Department officials stated they were in the process of designating staff to serve on the aforementioned boards or commissions.

In response to the previous recommendation, the Department appointed a Deputy State Compact Administrator to serve on the Interstate Compact for Juveniles.

By failing to appoint representatives, the Department's interests and purposes are not being represented on these boards and commissions. Furthermore, leaving these boards and commissions understaffed makes it difficult to comply with requirements of State law, such as submitting reports to the Governor and General Assembly. (Finding Code No. 11-38, 09-28)

RECOMMENDATION:

We recommend the Department comply with the requirements of the Mental Health and Developmental Disabilities Administrative Act or seek a legislative change to be more in line with the Department's Division of Mental Health's current mission and focus.

We recommend the Department appoint the appropriate personnel to the boards and commissions listed above and evaluate its process to make statutorily required appointments to ensure appointments are made in a timely manner.

DEPARTMENT RESPONSE:

Agree. The Department will comply with the requirements of the Mental Health and Developmental Disabilities Administrative Act or seek a legislative change to be more in line with the Department's Division of Mental Health's current mission and focus to ensure appointments to State boards and commission or timely appointments are being made.

11-39 FINDING: (Noncompliance with fire safety standards)

The Department of Human Services (Department) failed to fully comply with fire safety standards.

The Illinois School for the Deaf (School) has buildings on campus which do not fully comply with safety standards. The School has not fully corrected fire safety conditions which were noted in a December 2006 State Fire Marshal inspection report. The School has three dormitories and two classrooms that lack automatic or self-closing doors.

The State Fire Marshal's Inspection was conducted pursuant to National Fire Protection Association Standard #101 "Life Safety Code" (2000 ed.) and applicable references adopted by the State Fire Marshal (41 Ill. Adm. Code 100), pursuant to the Fire Investigation Act (425 ILCS 25/9). Those standards establish minimum fire safety standards for schools, including required specifications for automatic or self-closing doors.

School personnel stated funding has been approved through the Capital Development Board (CDB); however, work on safety improvements is scheduled to begin December 2011.

The role of the School is to provide students who are deaf and hard of hearing educational opportunities in a safe environment. Compliance with fire safety standards is essential to ensure the safety of the students and personnel. (Finding Code No. 11-39)

RECOMMENDATION:

We recommend the Department continue working with the CDB to rectify the conditions noted by the State Fire Marshal to ensure the safety of residents.

DEPARTMENT RESPONSE:

Agree. Work has begun to rectify the conditions noted by the State Fire Marshal to ensure the safety of residents.

11-40 FINDING: (Failure to display proper identification)

The Department of Human Services (Department) facilities did not ensure all employees wore the proper State identification while on the facility grounds.

At 7 of 21 (33%) facilities, auditors noted employees were not wearing proper identification cards. The Mental Health and Developmental Disabilities Administrative Act (20 ILCS 1705/47) states, "Proper identification or other specified credentials shall be required for all persons, including employees, entering and exiting grounds of any mental health facility." Department Administrative Directive 01.01.02.210 requires employees to display an employee identification badge while on campus grounds or in buildings.

Department officials stated the lack of staff oversight contributed to deficiencies noted.

Failure to enforce the display of proper identification could result in unauthorized access to the facility, patients, records, and confidential information. (Finding Code No. 11-40)

RECOMMENDATION:

We recommend the Department and its facilities emphasize to its employees the importance of wearing proper identification and to establish controls that will enforce identification policies.

DEPARTMENT RESPONSE:

Agree. The Department and its facilities will emphasize to its employees the importance of wearing proper identification and establish controls that will enforce identification policies.

11-41 <u>FINDING</u>: (Failure to administer the Rapid Reintegration Pilot Program)

The Department of Human Services (Department) failed to administer the Rapid Reintegration Pilot Program as required by the Disabilities Services Act of 2003.

The Disabilities Services Act of 2003 (Act) (20 ILCS 2407/60) requires the Department of Human Services to operate a Rapid Reintegration Pilot Program to demonstrate that individuals with physical disabilities or mental illness who need short term placement of six months or less can be successfully returned to the community without further institutionalization. Further, the Act requires the pilot program to "operate for not less than 3 years after the effective date of this amendatory Act…." (Program to operate 10/30/09 – 10/30/12)

During testing, auditors noted the Department was not operating the Rapid Reintegration Pilot Program during fiscal year 2011 as required by the Act. In addition, the Department was unable to demonstrate that individual participant's needs for placement and eligibility for enhanced Community Home Maintenance Allowance were assessed.

Department personnel stated staffing issues caused the program to become unsustainable from a programmatic perspective. In addition, Department officials stated the current status of the Rapid Reintegration Pilot Program is not clear as the program's goals have been transitioned into the Department's regular reintegration project.

Failure to maintain the Rapid Reintegration Pilot Program is in noncompliance with the Act. (Finding Code No. 11-41)

<u>RECOMMENDATION</u>:

We recommend the Department reestablish and administer the Rapid Reintegration Pilot Program. Additionally, the Department should document initial assessments and post-admission assessments utilized to determine individual participant placement needs. Additional assessments of eligibility for enhanced Community Home Maintenance Allowance should be performed for individuals as necessary.

<u>DEPARTMENT RESPONSE</u>:

Agree. In future, the Department will work to comply with all statutory requirements of a pilot program.

11-42 FINDING: (Whistle blower notices not conspicuously displayed)

The Department of Human Services (Department) did not conspicuously display notices of State employee protection under the Whistle Blower Protection Article of the State Officials and Employees Ethics Act (Act).

During testing, auditors observed several Central Office locations in which the Department did not conspicuously display notices of State employee protection under the Act. Such notices were absent on the first and second floors of its main office in the Harris Building. Notices were present on the third floor, which accommodates Department senior management, but otherwise has limited exposure to the majority of the workforce. Auditors also noted no notices of the Act were displayed at the Office of Contract Administration located at a separate building.

Auditors also noted two facilities in which conspicuous notices of the Act were not present. The auditors noted no displays of the Act at Chicago Read Mental Health Center. The auditors noted a display of the Act at Jack Mabley Developmental Center that listed a number for employees to call if fraud or abuse was noted at the facility, but the notice did not explicitly affirm State employee protection under the Act.

Department officials stated notice posters had been ordered but were not received or posted at the time of testing.

The Act (5 ILCS 430/15-40) states, "All officers, members, and State agencies shall conspicuously display notices of State employee protection under this Act." Failure to conspicuously display notices is in noncompliance with the Act. (Finding Code No. 11-42)

RECOMMENDATION:

We recommend the Department conspicuously display notices of State employee protection under the Whistle Blower Protection Article of the State Officials and Employees Ethics Act.

DEPARTMENT RESPONSE:

Agree. The Department will conspicuously display notices of State employee protection under the Whistle Blower Protection Article of the State Officials and Employees Ethics Act.

11-43 FINDING: (Weaknesses in conducting annual eligibility redeterminations for KidCare (ALL KIDS))

The Department of Human Services (Department) failed to make annual redeterminations of eligibility for KidCare (now known as ALL KIDS) services in compliance with the Children's Health Insurance Program Act (Act) (215 ILCS 106). The ALL KIDS program provides health benefits to children of the State. The Department is responsible for eligibility determinations and redeterminations for the ALL KIDS Program. The Department of Healthcare and Family Services is responsible for overall Program administration.

During testing of 30 ALL KIDS case files, auditors identified 5 (17%) case files where an annual redetermination was not performed as required.

The Act states, "A child who has been determined to be eligible for assistance must reapply or otherwise establish eligibility at least annually." The Act further states, "The eligibility of a child may be redetermined based on the information reported or may be terminated based on the failure to report or failure to report accurately." (215 ILCS 106/20(b)) Not performing the annual redeterminations may allow ineligible individuals to receive services.

Auditors also noted the Department was using a passive redetermination process to redetermine eligibility. The passive redetermination process includes sending a form to the client annually which is required to be completed only upon changes to the client's income. The Department assumes there are no changes if a response is not received. Passive redeterminations are utilized for cases that involve families where the only benefits received by the children are medical benefits. Although the sample did not include instances of passive redeterminations, auditors noted the Department is still utilizing this process. The Department cannot redetermine eligibility utilizing a passive redetermination process as no information is received to reassess eligibility. Due to the need by clients for additional services for which the Department does complete annual redeterminations, more medical redeterminations are being performed actively.

Department personnel stated the passive redetermination was implemented in response to the federal Children's Health Insurance Program Reauthorization Act of 2009 (Public Law 111-3) effective April 1, 2009.

Failure to perform active annual eligibility redeterminations could allow ineligible recipients to receive services under the ALL KIDS Program in noncompliance with the Act. (Finding Code No. 11-43, 09-39, 07-30, 05-34)

RECOMMENDATION:

We recommend the Department implement an active eligibility redetermination process and require eligibility redeterminations be completed on an annual basis in compliance with the Act.

DEPARTMENT RESPONSE:

Agree. The Department is currently working with HFS (the state Medicaid Agency responsible for revising the medical redetermination process) to implement an active eligibility redetermination process and require eligibility redeterminations be completed on an annual basis in compliance with the Act; involving electronically verifying eligibility through automated sources, effective July 2012.

The MIS request that eliminates the passive redetermination process, and implements the newly developed electronic renewal process has been submitted. In addition, HFS is imposing new integrity measures to aggressively review client's continued eligibility as a result of the SMART Act passed and signed into law in June 2012. This includes utilizing private vendors with access to national databases to perform enhanced eligibility checks of income and residency as part of the redetermination process. HFS is working on securing the vendor and the development of detailed procedures for vendors as part of the redetermination process.

PRIOR FINDING NOT REPEATED
(GOVERNMENT AUDITING STANDARDS)

Financial Audit – Year Ending June 30, 2010

A. Failure to comply with Medicare and Medicaid certification requirements

The previous engagement noted two of the Department's facilities, William A. Howe Development Center (Howe) and Tinley Park Mental Health Center (Tinley), continued to remain decertified during fiscal year 2010 due to failure to comply with requirements to be certified as eligible Medicare or Medicaid service providers.

During the current engagement, Howe was closed and Tinley did not maintain housing for any Medicare/Medicaid patients. Department personnel stated a new application had been prepared to begin the certification process at Tinley, but before the application was complete, it was announced Tinley would close with a tentative closure date of July 2012. As a result, the finding is not repeated in accordance with *Government Auditing Standards*. However, for State compliance purposes, we recommend the Department comply with laws and provisions regarding Medicare and Medicaid certification if it is determined to keep Tinley Park Mental Health Center open. As a result, this finding has been included in the compliance examination. (Finding Code No.10-5, 09-5, 08-6 and 07-6)

B. Failure to update allowance for uncollectible accounts receivable in a consistent manner

The previous engagement noted the Department did not update its calculations for uncollectible accounts receivable in a consistent manner for the DHS Recoveries Trust Fund (0921 fund). During the current engagement, auditors noted the Department had updated the allowance for uncollectible accounts receivable through fiscal year 2011. As a result, this finding is not repeated. (Finding Code No. 09-6)

Compliance Examination – Two Years Ended June 30, 2009

PRIOR FINDINGS NOT REPEATED
(STATE COMPLIANCE)

C. Contracts with the University of Illinois to hire subcontractors and retired State employees

The previous engagement noted the Department entered into agreements with the University of Illinois (U of I) without substantive purpose other than what appeared to be to avoid the requirements to competitively procure those types of services. During the current engagement, auditors noted the contract was not renewed with the U of I and the former State employees no longer perform this work. As a result, this finding is not repeated. (Finding Code No. 09-10)

D. Inadequate reconciliation procedures over mental health service payments

The previous engagement noted the Department lacked adequate procedures for reconciling payments to providers for mental health services. During the current engagement, auditors noted the Department has provided guidance to providers regarding financial reporting. In addition, auditors noted the Department has revised the financial reporting forms completed by providers to allow for grant reporting by individual program. As a result, this finding is not repeated. (Finding Code No. 09-11)

E. Untimely signing and execution of written contract agreements

The previous engagement noted the Department did not sign contracts before their starting date. During the current engagement, auditors noted the contracts were signed in a timely manner. As a result, this finding is not repeated. (Finding Code No. 09-14, 07-17 and 05-9)

F. Failure to recover grant funds by circumventing the Grants Funds Recovery Act

The previous engagement noted the Department failed to recover grant funds by circumventing the provisions of the Grants Funds Recovery Act. Department management circumvented established policies and internal controls by allowing a provider to keep its funds. As this finding pertained to one particular provider and the substantiation process has been resolved, this finding is not repeated. (Finding Code No. 09-17)

G. Grants for the Child Care Expansion Program exceeded the limit

The previous engagement noted the Department provided grants in excess of the $10,000 statutory limit which resulted in noncompliance with the Children and Family Services Act (Act). During the current engagement, auditors noted there were no grants made during fiscal years 2010 or 2011. In addition, the Department initiated a legislation change to the applicable part of the Act concerning the child care grants which also effectively eliminated the program. As a result, this finding is not repeated. (Finding Code No. 09-18)

H. Weaknesses in administering the Gaining Early Awareness and Readiness for Undergraduate Program

The previous engagement noted the Department did not comply with the federal or State reporting requirements of the Gaining Early Awareness and Readiness for Undergraduate Program. During the current engagement, auditors noted the fund has been classified as a federal trust fund as per U.S. Department of Education guidance. Auditors also noted expenditures were properly reported during fiscal years 2010 and 2011. As a result, this finding is not repeated. (Finding Code No. 09-19, 07-12)

I. Improper transfers to the FY09 Budget Relief Fund

The previous engagement noted the Department made transfers to the FY09 Budget Relief Fund totaling $500,000 in fiscal year 2009 from the Department's Private Resources Fund which violated the restricted purpose for which the funds were designated. During the current engagement, the auditors noted the Department sought the return of the monies which were deposited into the Private Resources Fund during fiscal year 2011. As a result, this finding is not repeated. (Finding Code No. 09-21)

J. Inadequate controls over returned checks

The previous engagement noted the Department had not maintained adequate internal controls over checks returned for insufficient funds. During the current engagement, the auditors conducted testing of returned checks and did not note any instances of inadequate controls. As a result, this finding is not repeated. (Finding Code No. 09-25)

K. Inadequate security administration function

The previous engagement noted the Department did not have an adequate security administration function. During the current engagement, auditors noted steps had been taken to implement recommendations made in the prior finding. Although auditors noted the Department was still in the process of fully implementing the recommendations, it was determined the actions taken were adequate. As a result, this finding is not repeated. (Finding Code No. 09-29, 07-8)

STATE OF ILLINOIS
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PRIOR FINDINGS NOT REPEATED – FACILITIES

The following table depicts the results of the auditors' follow-up on the findings from the limited scope compliance examinations performed at the individual facilities for two years ended June 30, 2009. If the table below indicates the finding was repeated, the issues within the prior report finding were included in one of the findings resulting from the Department-wide compliance examination for the two years ended June 30, 2011 and the Department-wide financial statement audit for the year ended June 30, 2011. If the finding was not repeated, the auditors determined sufficient corrective action was implemented during the current engagement period at the specific facility and/or collectively the individual weakness did not exist on a Department-wide level to warrant a current year finding. Individual reports on each facility are not being issued for the two years ended June 30, 2011.

Prior Finding No.	Finding	Repeated
Alton Mental Health Center		
09-1	Noncompliance with contract requirements	No
09-2	Inadequate monitoring of accounts receivable	No
Andrew McFarland Mental Health Center		
09-1	Improper completion of the notice regarding restricted rights	Yes
09-2	Inadequate controls over accounts receivable	No
Ann M. Kiley Developmental Center		
09-1	Inadequate documentation regarding restraint and confinement	Yes
09-2	Notice of Discharge not timely provided	No
09-3	Inadequate inventory controls	No
Chester Mental Health Center – No Prior Findings		
Chicago Read Mental Health Center		
09-1	Inadequate control over locally held funds	Yes
09-2	Inadequate controls over accounts receivable	Yes
09-3	Voucher processing weaknesses	Yes
09-4	Inadequate controls over timekeeping	Yes
Clyde L. Choate Mental Health and Developmental Center		
09-1	Inventory	Yes
09-2	Inadequate controls over locally held funds	Yes
09-3	Voucher processing procedures	Yes
09-4	Inadequate controls over receipts	Yes
09-5	Property control procedures	Yes
09-6	Inadequate controls over personal services	No
Elgin Mental Health Center		
09-1	Inadequate controls over accounts receivable	Yes
Illinois School for the Deaf		
09-1	Inadequate controls over inventory	Yes
09-2	Fire code violations	Yes
09-3	Bank reconciliations not performed timely	Yes

Prior Finding No.	Finding	Repeated
Illinois Center for Rehabilitation & Education-Roosevelt – No Prior Findings		
Illinois School for the Visually Impaired		
09-1	Unacceptable inventory valuation	No
09-2	Inadequate controls over locally held funds	No
Jack Mabley Developmental Center		
09-1	Inadequate control over processing of vouchers	Yes
09-2	Inadequate reconciliation of trust fund accounts	No
09-3	Inadequate control over account receivable balance	Yes
Jacksonville Mental Health and Developmental Center		
09-1	Inadequate controls over employee timekeeping	Yes
09-2	Inadequate controls over payroll vouchers	Yes
09-3	Inadequate controls over leaves of absence	Yes
09-4	Inappropriate expenditures from the Other Special Trust Fund	Yes
09-5	Submission of inaccurate Locally Held Funds Reports	No
09-6	Inadequate controls over commodities inventory	Yes
09-7	Voucher processing weaknesses	Yes
John J. Madden Mental Health Center		
09-1	Inadequate controls over accounts receivable	Yes
09-2	Inadequate segregation of duties and management oversight of locally held funds	No
09-3	Inadequate controls over locally held funds	No
09-4	Inadequate control over voucher processing	Yes
Elisabeth Ludeman Developmental Center		
09-1	Inadequate controls over property and related records	Yes
Rushville Treatment and Detention Facility		
09-1	Weaknesses in controls over locally held funds	No
09-2	Charges for services policy and rate structure not established	Yes
09-3	Hiring policies for security therapy aides	No
Gov. Samuel H. Shapiro Developmental Center		
09-1	Inadequate controls over State property	No
Tinley Park Mental Health Center		
09-1	Decertification as a provider of Medicare services	Yes
09-2	Inadequate maintenance of patient files	Yes
09-3	Inadequate controls over voucher processing	Yes
09-4	Inadequate controls over accounts receivable	Yes
09-5	Inadequate controls over timekeeping	Yes
09-6	Inadequate controls over State property	Yes
Warren G. Murray Developmental Center – No Prior Findings		
William A. Howe Developmental Center – Closed		
H. Douglas Singer Mental Health Center – No Prior Findings		
William W. Fox Developmental Center		
09-1	Circumvention of the procurement process	No
09-2	Voucher documentation	No

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Status of Management Audits
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Illinois Department of Public Aid's KidCare Program (July 2002)

In July 2002, the Office of the Auditor General released its report of the Program and Management Audit of the Illinois Department of Public Aid's KidCare program. The audit was conducted pursuant to Senate Resolution 152, which was adopted May 24, 2001. This resolution required the Auditor General to conduct a program and management audit of the Illinois Department of Healthcare and Family Services' (formerly Department of Public Aid) KidCare program. KidCare is now referred to as ALL KIDS.

In addition to the eligibility determination process at Healthcare and Family Services, Department of Human Services' caseworkers can determine eligibility. As a result of the audit, the Office of the Auditor General developed seven recommendations for the Department of Healthcare and Family Services to improve its management controls over the KidCare program. Four of the seven recommendations were also applicable to the Department of Human Services.

During fiscal year 2005, auditors followed up on these recommendations. Auditors noted at that time that the Department was not properly making annual eligibility redeterminations for KidCare services. As a result of this testing, auditors issued Finding 05-34. During fiscal year 2007, auditors noted the Department made progress in implementing the recommendations; however, the following recommendations were only partially implemented:

- *The Departments of Public Aid and Human Services should assure that income is properly determined and appropriate documentation is included in the case files.*

And

- *The Departments of Public Aid and Human Services should assure the KidCare re-determinations are done when required and income is properly determined.*

During fiscal year 2009 and 2011, auditors followed up on the remaining recommendations. As of July 1, 2006, the KidCare program was transitioned into a new program titled ALL KIDS. Auditors noted the Department has improved controls over properly determining income and assuring proper documentation is included in the case file. However, auditors noted one instance in fiscal year 2009 and five instances in fiscal year 2011 of the annual redetermination not being performed as required. In addition, the Auditor General's May 2010 Program Audit of the Covering ALL KIDS Health Insurance Program recommended that the Departments of Healthcare and Family Services and Human Services develop a system to verify eligibility criteria including family income. That audit focused on the expansion portion of the ALL KIDS program that was phased out July 1, 2011. The program audit of ALL KIDS is required annually and will follow up on the eligibility criteria finding. Additionally, auditors noted the Department is utilizing a passive redetermination process which instructs the family to return the form only if any of the information has changed. Due to the utilization of passive redeterminations, auditors were not able to determine if eligibility requirements were continuing to be met. As a result, the finding was repeated in 2009 as well as for this engagement. (Finding Code No. 11-43)

Management Audit of $1 Million Grant to Loop Lab School (July 2009)

In July 2009, the Office of the Auditor General released its management audit of the $1 Million Grant to Loop Lab School. The audit was conducted pursuant to House Resolution 1190, which was adopted May 1, 2008. This resolution asked the Auditor General to review the funds promised to or received by the Loop Lab School and the Pilgrim Baptist Church (Church). Specifically, the Resolution directed the Auditor General to determine how and when the funds were promised to the Church and what process was followed, if any.

As a result of the audit, the Office of the Auditor General developed eight recommendations, one of which was specific to the Department of Human Services as follows:

> "The Department of Human Services should ensure that recipients of child care funds do not utilize those funds for unallowable tuition payments."

During fiscal year 2011, auditors followed up on the recommendation. Auditors reviewed a sample of payments to providers for school age children who received full-time child care assistance during fiscal years 2010 and 2011 for certified providers. Although auditors did not note instances of tuition payments being made with child care assistance monies, it was noted the recommendations made as a result of the prior year finding were not fully implemented. Auditors noted the Department does not require the parents and guardians of children to disclose whether school age children attending private or parochial schools are attending classes with the provider. In addition, auditors noted other issues related to overpayments and the lack of a system to substantiate the actual hours of child care provided when more than one child care provider was being utilized. As a result, the finding is repeated. (Finding Code 11-7)

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Management Audit of Pilsen-Little Village Community Mental Health Center, Inc.

In February 2008, the Office of the Auditor General released its report of the Management Audit of the Pilsen-Little Village Community Mental Health Center, Inc. The audit was conducted pursuant to House Resolution Number 1146, which was adopted May 4, 2006. This resolution required the Auditor General to conduct a management audit of Pilsen-Little Village Community Mental Health Center, Inc.

The audit reported 19 recommendations. One recommendation (Recommendation 19) pertained to the Department of Human Services as follows:

> "The Departments of Human Services (DHS), Public Health, and Healthcare and Family Services, as well as the Illinois State Board of Education, should follow up on the questionable expenditures reported in this audit and seek recovery of any inappropriately expended State funds."
>
> And
>
> "DHS should also assess Pilsen's practice of supporting deficit programs with funding intended for other programs."

During fiscal year 2009, auditors followed up on the recommendation. The Department was able to provide supporting documentation which substantiated the recalculation of questionable expenditures. The Department determined the allocation of management fees were properly recorded by Pilsen-Little Village Community Mental Health Center, Inc. However, the Department did seek repayment for an automobile that was purchased with grant funds and is no longer in the possession of Pilsen-Little Village Community Mental Health Center, Inc. At that time, the Department stated they were in the process of seeking recovery of these funds. Additionally, the Department was not able to provide supporting documentation of their efforts towards assessing Pilsen's practice of supporting deficit programs with funding intended for other programs. As a result, the recommendation was only partially implemented.

During fiscal year 2011, auditors conducted follow up regarding the recovery of the funds for the automobile that was purchased with grant funds. The Department was unable to provide documentation that the recovery had occurred or that efforts had been made to recover the funds during the current audit cycle. Auditors also conducted follow up regarding the practice by Pilsen of supporting deficit programs with funding intended for other programs. The Department was unable to provide supporting documentation of their efforts to assess this practice. As a result, the recommendation has not been implemented, and will be followed up on further during the next compliance examination of the Department.

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Performance Audit of Funding Provided by State Agencies to Heartland Human Services (May 2009)

In May 2009, the Office of the Auditor General released its report of the Performance Audit of Heartland Human Services. The audit was conducted pursuant to House Resolution Number 1307, which was adopted May 31, 2008. This resolution required the Auditor General to conduct a performance audit of the State funding provided by State agencies to Heartland Human Services under contracts or grant agreements in fiscal years 2007 and 2008.

The audit reported 7 recommendations. Four of the recommendations pertained to the Department of Human Services as follows:

> "The Department of Human Services and the Department of Public Health should work together to ensure that CILA and other mental health workers are being added to the Health Care Worker Registry as required by State law." (Recommendation 1)
>
> The Department made Heartland Human Services aware of the State law during an accreditation, licensure and certification survey that was conducted in October 2011. At that time, Heartland complied by adding all existing employees to the registry and subsequently complied by adding any new employees to the registry. Additionally, the human resources director for Heartland Human Services has attended training about the Health Care Worker Registry. As a result, the recommendation has been implemented.
>
> "The Department of Human Services should require mental health providers to submit program specific grant expenditure reports to ensure that expenditures are in compliance with the grant agreement." (Recommendation 3)
>
> Beginning in fiscal year 2011, the Department implemented a program specific grant expenditure report which all providers are required to utilize. As a result, the recommendation has been implemented.
>
> "The Department of Human Services should:
>
> - Ensure that the grant agreement delineates the actual reconciliation process that will be used, and ensure that the process used is in compliance with the Grant Funds Recovery Act; and
>
> - Require mental health providers to report interest earned on mental health grants in order to ensure that the interest is either recovered or becomes part of the grant principal as required by the Grant Funds Recovery Act." (Recommendation 5)

Each grant agreement now contains the reconciliation that is to be utilized by providers. In addition, the grant agreement contains excerpts from the Grant Funds Recovery Act that provides guidance to providers on allowable expenditures. Further, the grant expenditure report requires providers to report any interest earned on grant funds. As a result, the recommendation has been implemented.

"The Department of Human Services should ensure that providers who received funding from either DASA or DRS calculate and repay interest earned on grant funds as required by the Grant Funds Recovery Act." (Recommendation 6)

The Department did not provide supporting documentation to substantiate how they ensure that providers who receive funding from either DASA or DRS calculate and repay interest earned on grant funds. As a result, the recommendation has not been implemented.

Of the four recommendations that pertain to the Department, three were implemented and one was not implemented. As a result auditors will conduct follow up in the next compliance examination.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Status of Management Audits
June 30, 2011

Performance Audit of the Medical Assistance Program, Long Term Care Eligibility Determination

In September 2009, the Office of the Auditor General released its report of the Performance Audit of the Medical Assistance Program, Long Term Care Eligibility Determination. The audit was conducted pursuant to House Resolution Number 1295. The resolution directed the Office of the Auditor General to audit the Medical Assistance Program jointly administered by the Departments of Healthcare and Family Services and Human Services with respect to the accuracy and impact of eligibility determination standards and procedures regarding persons applying for or receiving assistance for long term care.

As a result of the audit, the Office of the Auditor General developed nine recommendations to improve controls over long term care eligibility determination. Two of the recommendations were specific to the Department (recommendations 5 and 8) and one recommendation was specific to the Department of Healthcare and Family Services (recommendation 9). Six of the recommendations were for the Departments of Healthcare and Family Services (HFS) and the Department of Human Services (Department). Information regarding the status of the recommendations based on testing and information provided that is specific to the Department is as follows:

> "The Departments of Healthcare and Family Services and Human Services should review the Medical Assistance Program computer systems, specifically for long term care cases with a community spouse, and ensure the systems are working together and serving their intended purpose. The Departments should take the necessary actions to assure that the data contained in those systems is consistent, reliable, and timely updated." (Recommendation 1)
>
> The recommendation has been partially implemented. The Department has made programming changes which allows automatic updating of changes made in the HFS system to the DHS system. This aids in ensuring the facility receives the correct payment for services rendered. However, the Department is currently utilizing the same system as the funds for updating the system had not been appropriated. Department personnel stated HFS has secured the funding and issued a request for proposal and received bids as of June 12, 2012 which will enable them to build a new integrated eligibility system.
>
> "The Departments of Healthcare and Family Services and Human Services should work together to undertake a review of cases with group care credits to verify that the amounts are accurate. Furthermore, the Departments should take the steps necessary to ensure that group care credits revised as a result of the redetermination process are timely entered into the MMIS system and other systems." (Recommendation 2)

The recommendation has been implemented. The Department in conjunction with HFS has made system changes which require all eligibility redeterminations be conducted annually in March after the cost of living adjustments are available. This ensures the Department is utilizing the accurate amount in their redeterminations. In addition, system changes have been implemented to ensure the group care credit is changed in all applicable systems when it is updated.

"The Departments of Healthcare and Family Services and Human Services should revise and clarify Social Security cost of living notifications sent to clients with community spouses. Notices should tell clients what they should do and not tell them to pay amounts they do now owe." (Recommendation 3)

The recommendation has been implemented. The Social Security cost of living notification sent to clients has been revised as a result of the recommendation.

"The Departments of Healthcare and Family Services and Human Services should stop centrally adjusting the group care credit amount for clients who are diverting income to a community spouse. Instead, caseworkers should adjust the group care credit manually based on current information." (Recommendation 4)

The recommendation has not been implemented. HFS is responsible for centrally adjusting the group care credit amount, and this practice continues. In addition, the group care credit is still adjusted manually. In order to ensure the adjustments are made timely, the Department has implemented a schedule where all annual redeterminations for long term care cases with diverted income are conducted in March after the cost of living increase is made available.

"The Department of Human Services should take the necessary steps to ensure that the client's response or failure of response is recorded in the case notes, which would result in more complete documentation of actions taken regarding the client's group care credit." (Recommendation 5)

The recommendation has been implemented. The Department has revised the redetermination form (Form 1229) to include documentation of the client's response. The form is filed in the case record.

"The Departments of Healthcare and Family Services and Human Services should implement a control to ensure that any overpayments made by a client as a result of the Department's eligibility determination process are repaid to the client in the long term care facility. " (Recommendation 6)

The recommendation has not been implemented. Neither HFS nor DHS have implemented controls to ensure overpayments by a client are repaid to the client by the long term care facility.

"The Departments of Healthcare and Family Services and Human Services should work together to clarify policies. In particular, attention should be given to:

- Assuring that using the Mail-In Application for Medical Benefits Form allows clients to get the assistance they need in applying for benefits;
- Conducting Annual Facility Visits as is required by established policy;
- Clarifying Responsible Relative Policy, so that only applicable long term care clients' spouses are referred for appropriate collection; and
- Ensuring that Outdated Forms are not referenced in policy manuals or used by caseworkers

The Departments should also assure the established policies are followed by local offices." (Recommendation 7)

The recommendation has not been implemented. The Department stated there is assistance available to applicants in completing the Mail-In Application for Medical Benefits Form upon request; however, the process has not changed. Additionally, Department personnel stated lack of adequate staffing does not allow them to perform site visits for all long term care redeterminations. The Department has requested that HFS modify their policy to allow site visits to be conducted based on staffing levels. The Department does collect eligibility information via mail, email, fax and phone calls when a site visit is not possible. In regards to clarifying the Responsible Relative Policy, the Department stated they have conducted trainings in several locations to help clarify the policy; however, the policy has not been officially revised. Lastly, the Department has advised all caseworkers to not utilize outdated forms.

"The Department of Human Services should ensure that caseworkers are receiving proper guidance and supervisory review to carry out their required responsibilities. This should include developing and using applicable computerized management reports." (Recommendation 8)

The recommendation has been implemented based on follow up that was conducted by auditors during fiscal year 2011. The Department conducted mandatory training for all caseworkers. In addition, computer management reports were created to aid caseworkers in identifying diverted income and any changes to cost of living adjustments.

Of the eight recommendations that pertain to the Department, four were implemented, one was partially implemented, and three were not implemented. As a result auditors will conduct follow up in the next compliance examination.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Status of Management Audits
June 30, 2011

Program Audit of the Office of the Inspector General, Department of Human Services

In December 2010, the Office of the Auditor General released its report of the program audit of the Office of the Inspector General, Department of Human Services. The audit was conducted pursuant to Section 1-17(w) of the Department of Human Service Act (Act) (20 ILCS 1305). This Act requires the Auditor General to conduct a program audit of the Office of the Inspector General on as-needed basis, as determined by the Auditor General.

The audit reported 9 recommendations as follows:

> "The Office of the Inspector General should continue to consider adding serious injuries to its investigative database that would allow it to look for and identify patterns and trends in serious injuries, which may be an indicator of staff neglect or other problems which need to be addressed." (Recommendation 1)
>
> The Office of the Inspector General indicated they are adding serious injuries to its investigative database for tracking purposes. Auditors will review implementation of the recommendation during the next program audit.
>
> "The Office of the Inspector General should update its interagency agreements with other State agencies that have investigatory powers." (Recommendation 2)
>
> The Office of the Inspector General has updated its interagency agreement with the Illinois State Police. However, the other agreements referenced in the program audit with the Illinois Department of Public Health and the Department of Children and Family Services have not been updated. Auditors will review implementation of the recommendation during the next program audit.
>
> "The Office of the Inspector General should continue to work to improve the timeliness of investigations of abuse and neglect. The OIG should also work to improve the timeliness of investigations conducted by Clinical Coordinators, especially death investigations." (Recommendation 3)
>
> The Office of the Inspector General indicated all staff were reminded to timely investigate allegations of abuse and neglect, especially death investigations. Auditors will review implementation of the recommendation in the next program audit.
>
> "The Office of the Inspector General should assign all allegations to an investigator within one working day and complete all investigative plans within three working days as is required by OIG directives." (Recommendation 4)
>
> The Office of the Inspector General indicated all Bureau Chiefs have been reminded to assign all allegations to an investigator within one working day and complete all

investigative plans within three working days. Auditors will review implementation of the recommendation in the next program audit.

"The Office of the Inspector General should continue to work with State facilities and community agencies to ensure that allegations of abuse or neglect are reported within the time frame specified in the Department of Human Services Act and OIG's administrative rules." (Recommendation 5)

The Department was able to provide supporting documentation that illustrated their correspondence to State facilities and community agencies regarding allegations of abuse or neglect reporting requirements. Auditors will review if allegations of abuse or neglect are reported within the time frame specified in the administrative rules during the next program audit.

"The Office of the Inspector General should ensure that all routing and approval forms are completed and signed off on by the Bureau Chief." (Recommendation 6)

The Office of the Inspector General indicated all Bureau Chiefs have been reminded to complete and sign off of all routing and approval forms. Auditors will review implementation of the recommendation in the next program audit.

"The Department of Human Services should continue its efforts to ensure that written responses from facilities and community agencies are received and approved in a timely manner." (Recommendation 7)

The Department conducted training on preparing written responses to Office of the Inspector General findings and recommendations for community providers via eight webinars during fiscal year 2011. Auditors reviewed supporting documentation including attendee lists, session handouts, and email correspondence to substantiate these efforts. In order to ascertain if the recommendation has been fully implemented, auditors will follow up during the next program audit.

"The Department should use the annual site visit process to target and examine areas at individual facilities where other investigations and/or reports have identified systemic resident safety concerns, such as the underreporting of abuse and neglect. Furthermore, if State facilities repeatedly fail to take corrective action on matters raised by OIG site visits or arising out of other investigations, the Inspector General should also consider making recommendations, up to and including sanctions, to ensure the safety of State-operated facility residents." (Recommendation 8)

The Office of the Inspector General indicated they are using the annual site visit process to target and examine areas at individual facilities. In addition, the Office of the Inspector General will consider making recommendations to ensure the safety of State-operated facility residents. Auditors will review implementation of the recommendation in the next program audit.

"The Secretary of the Department of Human Services and the Inspector General should continue to work with the Governor's Office to get members appointed to the Board as promptly as possible, in order to fulfill statutory membership requirements (20 ILCS

1305/1-17(u). Staggering the terms of members should be used in order to ensure membership." (Recommendation 9)

The Office of the Inspector General indicated they have continued to urge appointments be made as required by stature. Auditors will review implementation of the recommendation in the next program audit.

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the State of Illinois, Department of Human Services was performed by Sikich LLP as special assistants for the Auditor General.

Based on their audit, the auditors expressed an unqualified opinion on the Department's basic financial statements.

Note: The Independent Auditor's Report and financial statements as of and for the year ended June 30, 2010 were previously issued under separate cover. The report dated March 31, 2011 was issued by Sikich LLP as Special Assistant Auditors to the Auditor General and is incorporated herein by reference.

INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Human Services (the Department), as of and for the year ended June 30, 2011, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 12, as of July 1, 2010, the Department adopted the reporting and disclosure requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Department, as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2012 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Department has not presented a management's discussion and analysis and budgetary comparison information for any of its funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining General Fund, nonmajor governmental funds and Agency funds financial statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining General Fund, nonmajor governmental funds and Agency funds financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements 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, the Comptroller, and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

Schnitt LLP

Springfield, Illinois
May 18, 2012

State of Illinois

Department of Human Services

Statement of Net Assets and Governmental Funds Balance Sheet

June 30, 2011 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
ASSETS					
Unexpended appropriations	$ 457,088	$ 1,866	$ 458,954	$ -	$ 458,954
Cash equity with State Treasurer	75,309	78,165	153,474	-	153,474
Cash and cash equivalents	199	2,387	2,586	-	2,586
Securities lending collateral equity with State Treasurer	22,103	5,547	27,650	-	27,650
Investments	-	2,384	2,384	-	2,384
Due from other government - federal	108,880	127,783	236,663	-	236,663
Due from other government - local	-	516	516	-	516
Taxes receivable, net	-	238	238	-	238
Other receivables, net	28,208	24,554	52,762	-	52,762
Loans and notes receivable, net	-	395	395	-	395
Due from other State fiduciary funds	-	1	1	-	1
Due from other Department funds	288	28,506	28,794	(28,794)	-
Due from other State funds	41,217	4,442	45,659	-	45,659
Due from State of Illinois component units	-	190	190	-	190
Inventories	9,965	256	10,221	-	10,221
Prepaid expenses	-	-	-	1,681	1,681
Capital assets not being depreciated	-	-	-	8,176	8,176
Capital assets being depreciated, net	-	-	-	212,650	212,650
Total assets	$ 743,257	$ 277,230	$ 1,020,487	193,713	1,214,200
LIABILITIES					
Accounts payable and accrued liabilities	$ 497,351	$ 137,737	$ 635,088	-	635,088
Due to other government - federal	4,380	317	4,697	-	4,697
Due to other government - local	16,236	14,222	30,458	-	30,458
Due to other Department fiduciary funds	16	-	16	-	16
Due to other State fiduciary funds	175	1,612	1,787	-	1,787
Due to other Department funds	28,506	288	28,794	(28,794)	-
Due to other State funds	21,629	4,819	26,448	-	26,448
Due to State of Illinois component units	1,016	4,508	5,524	-	5,524
Unavailable revenue	124,357	23,640	147,997	(147,997)	-
Unearned revenue	51,231	42,975	94,206	-	94,206
Obligations under securities lending of State Treasurer	22,103	5,547	27,650	-	27,650
Long-term obligations:					
Due within one year	-	-	-	3,311	3,311
Due subsequent to one year	-	-	-	74,115	74,115
Total liabilities	767,000	235,665	1,002,665	(99,365)	903,300
FUND BALANCES/NET ASSETS					
Fund Balances:					
Nonspendable	9,965	1,813	11,778	(11,778)	-
Restricted	20,668	7,212	27,880	(27,880)	-
Committed	60,965	33,078	94,043	(94,043)	-
Assigned	-	-	-	-	-
Unassigned	(115,341)	(538)	(115,879)	115,879	-
Invested in capital assets, net of related debt	-	-	-	220,405	220,405
Restricted net assets:					
Restricted for health and social service programs	-	-	-	27,792	27,792
Funds held as permanent investments:					
Nonexpendable purposes	-	-	-	11,778	11,778
Expendable purposes	-	-	-	89	89
Unrestricted net assets	-	-	-	50,836	50,836
Total fund balances/net assets	(23,743)	41,565	17,822	$ 293,078	$ 310,900
Total liabilities and fund balances	$ 743,257	$ 277,230	$ 1,020,487		

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
June 30, 2011
(Expressed in Thousands)

Total fund balances-governmental funds		$	17,822
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			220,826
Prepaid expenses for governmental activities are current uses of financial resources for funds.			1,681
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.			147,997
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:			
Capital lease obligations	(315)		
Installment purchase obligations	(106)		
Compensated absences	(77,005)		
			(77,426)
Net assets of governmental activities		$	310,900

The accompanying notes to the financial statements are an integral part of this statement.

Statement of Activities and Governmental Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2011 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	$ 4,070,405	$ 4,218,991	$ 8,289,396	$ 27,252	$ 8,316,648
Debt service - principal	429	10	439	(439)	-
Debt service - interest	45	14	59	-	59
Capital outlays	3,746	10,377	14,123	(14,123)	-
Total expenditures/expenses	4,074,625	4,229,392	8,304,017	12,690	8,316,707
Program revenues:					
Charges for services:					
Licenses and fees	49	6,149	6,198	-	6,198
Other charges for services	12,482	38,568	51,050	6,627	57,677
Total charges for services	12,531	44,717	57,248	6,627	63,875
Operating grant revenue:					
Federal operating grants	724,836	4,125,641	4,850,477	44,316	4,894,793
Other operating grants	-	477	477	(2,822)	(2,345)
Total operating grant revenue	724,836	4,126,118	4,850,954	41,494	4,892,448
Net program revenues	(3,337,258)	(58,557)	(3,395,815)	35,431	(3,360,384)
General revenues:					
Interest and investment income	382	161	543	-	543
Other taxes	-	1,043	1,043	(1)	1,042
Other revenues	236	4,181	4,417	(394)	4,023
Total general revenues	618	5,385	6,003	(395)	5,608
Other sources (uses):					
Appropriations from State resources	3,951,457	30,737	3,982,194	-	3,982,194
Lapsed appropriations	(34,529)	(12,047)	(46,576)	-	(46,576)
Receipts collected and transmitted to State Treasury	(591,869)	(18,079)	(609,948)	-	(609,948)
Capital transfers from other State agencies	-	-	-	3,379	3,379
Amount of SAMS transfers-in	(76,940)	-	(76,940)	-	(76,940)
Amount of SAMS transfers-out	4,392	-	4,392	-	4,392
Transfers-in	20,010	67,580	87,590	(67,090)	20,500
Transfers-out	(72,333)	(10)	(72,343)	67,090	(5,253)
Capital lease and installment purchase financing	239	55	294	(294)	-
Total other sources (uses)	3,200,427	68,236	3,268,663	3,085	3,271,748
Change in fund balance/net assets	(136,213)	15,064	(121,149)	38,121	(83,028)
Fund balance/net assets, July 1, 2010, as restated	111,925	26,245	138,170	255,758	393,928
Increase for changes in inventories	545	256	801	(801)	-
Fund balance/net assets, June 30, 2011	$ (23,743)	$ 41,565	$ 17,822	$ 293,078	$ 310,900

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2011
(Expressed in Thousands)

Net change in fund balances	$ (121,149)
Change in inventories	801
	(120,348)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation in the current period exceeded capital outlays.	(12,927)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	439
Some capital additions were financed through installment purchases. In governmental funds, installment purchases are considered a source of financing, but in the Statement of Net Assets the installment purchase obligation is reported as a liability.	(294)
Some capital assets were transferred in from other State agencies and therefore, were received at no cost.	3,379
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	47,726
Prepaid expenses in the Statement of Activities are reported as expenses in governmental funds.	(22)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities.	
Increase in compensated absences obligation	(981)
Change in net assets of governmental activities	$ (83,028)

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services

Statement of Fiduciary Net Assets

June 30, 2011 (Expressed in Thousands)

	Private-Purpose Trust: Hansen-Therkelsen Memorial Deaf Student College 0123	Agency Funds
ASSETS		
Cash equity with State Treasurer	$ 477	$ -
Cash and cash equivalents	-	1,482
Securities lending collateral equity with State Treasurer	186	-
Investments	-	949
Due from other government - federal	-	53
Other receivables, net	-	2
Loans and notes receivable	61	-
Due from other Department funds	-	16
Due from other State funds	504	-
Total assets	1,228	$ 2,502
LIABILITIES		
Accounts payable and accrued liabilities	-	$ 33
Obligations under securities lending of State Treasurer	186	-
Other liabilities	-	2,469
Total liabilities	186	$ 2,502
NET ASSETS		
Held in trust and other purposes	$ 1,042	

The accompanying notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2011 (Expressed in Thousands)

	Private-Purpose Trust Hansen-Therkelsen Memorial Deaf Student College 0123
Additions:	
Investment earnings:	
Interest, dividends and other investment income	$ 5
Net investment income	5
Other additions:	
Mandatory transfer-in allowance for uncollectible adjustment	18
Total additions	23
Deductions:	
Other deductions:	
Mandatory transfer-out allowance for uncollectible adjustment	-
Total deductions	-
Net additions (deductions)	23
Net assets, July 1, 2010	1,019
Net assets, JUNE 30, 2011	$ 1,042

The accompanying notes to the financial statements are an integral part of this statement.

NOTE (1) - Organization

The Department of Human Services (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates 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 primarily from the General Fund are appropriated for the use of the Department. 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, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, excluding all locally-held funds authorized by State law.

The Department is organized to assist Illinois residents to achieve self-sufficiency, independence and health to the maximum extent possible by providing integrated family-oriented services, promoting prevention and establishing measurable outcomes in partnership with communities.

NOTE (2) - Summary of Significant Accounting Policies

The financial statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

2) Fiscal dependency on the primary government.

Based upon the required criteria, the Department has no component units and is not a component unit of any other entity. However, because the Department is not legally separate from the State of Illinois, the financial statements of the Department are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting; 325 West Adams Street; Springfield, Illinois, 62704-1871.

(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Human Services, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June

30, 2011 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Department, which consist only of governmental activities, are reported under the health and social services function in the State of Illinois' Comprehensive Annual Financial Report. For reporting purposes, the Department has combined the fund and government-wide financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. A brief description of the Department's government-wide and fund financial statements is as follows:

Government-wide Statements: The government-wide statement of net assets and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Department. The financial activities of the Department consist only of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The statement of net assets presents the assets and liabilities of the Department's governmental activities with the difference being reported as net assets. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for the health and social services function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Department's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on the major governmental fund, which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The Department administers the following major governmental fund (or portions thereof in the case of shared funds) of the State of Illinois' Comprehensive Annual Financial Report:

General – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Department's portion of the General Fund is composed of a primary sub-account (General Revenue) and six secondary sub-accounts (Illinois Veterans' Rehabilitation, Community Developmental Disabilities Services Medicaid Trust, Care Provider Fund for Persons with a Developmental Disability, Health and Human Services Medicaid Trust, Community Mental Health Medicaid Trust, and the DHS Recoveries Trust). Any sub-account additions are the result of adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with GASB 54, those funds receiving 100% of revenue as a result of transfers from the General Fund are reported within the General Fund group.

Additionally, the Department reports the following fund types:

Governmental Fund Types:

Special Revenue – These funds are used to account for and report the proceeds of specific revenue sources that are *restricted or committed to expenditure for specified purposes* other than debt service or capital projects. The Department does not have any major special revenue funds to disclose.

Permanent – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

Fiduciary Fund Types:

Private Purpose – These funds account for resources legally held in trust for use by individuals the Department serves. All resources of these funds, including any earnings on invested resources, may be used to support these individuals. There is no requirement that any portion of these resources be preserved as capital.

Agency – These funds account for receipts from individuals or groups of individuals at the Department's mental health and developmental centers, and schools, as well as electronic benefit transfers, and receipts from the Federal Government for transfer to other funds for social service programs. These funds are collected by the Department, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

(c) Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Department gives (or receives) value without directly receiving (or giving) equal value in exchange, include intergovernmental grants. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include intergovernmental grants, charges for services, and interest and other investment income. All other revenue sources including fines and other miscellaneous revenues are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue and Care Provider Fund for Persons with a Developmental Disability subaccounts of the General Fund, and the Tobacco Settlement Recovery and Maternal and Child Health Services Block Grant, non-major governmental funds, represents only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report. In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended appropriations – This "asset" account represents lapse period expenditure transactions processed by the State Comptroller's Office after June 30 annually in accordance with Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year and voucher, interfund payment, and mandatory SAMS transfer transactions held by the State Comptroller's Office at June 30.

Appropriations from State resources – This "other financing source" account represents the final legally adopted appropriation according to SAMS records.

Lapsed appropriations – Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records. For State fiscal year 2011, the Illinois General Assembly extended the lapse period from August 31 to December 31, 2011, to allow for the liquidation of all expenditure transactions for the year.

Receipts collected and transmitted to State Treasury – This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records.

Amount of SAMS transfers-in – This "other financing source" account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Department did not make a deposit into the State Treasury.

Amount of SAMS transfers-out – This "other financing use" account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

(e) Eliminations

Eliminations have been made in the government-wide statement of net assets to minimize the "grossing-up" effect on assets and liabilities within the governmental activities column of the Department. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net assets. Amounts reported in the governmental funds balance sheet as receivable from or payable to fiduciary funds have been included in the government-wide statement of net assets as receivable from and payable to external parties, rather than as internal balances.

(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, and money market accounts for locally held funds.

(g) Investments

Investments are reported at fair value. The Department holds investments pursuant to statutory authority for locally held funds.

(h) Inventories

For governmental funds, the Department recognizes the costs of inventories as expenditures when purchased. At year-end, physical counts are taken of significant inventories, consisting primarily of food and drugs maintained at the mental health and developmental centers, in governmental funds and are reported at weighted average cost. The remaining inventories are valued at replacement cost. Inventories reported in governmental funds do not reflect current appropriable resources, and therefore, the Department reserves an equivalent portion of fund balance.

(i) Interfund Transactions

The Department has the following types of interfund transactions between Department funds and funds of other State agencies:

Interfund Borrowings – Interfund loans made in accordance with State statute that are to be repaid with interest to the lender fund. Interfund borrowings are reported as interfund receivables in lender funds and interfund payables in borrower funds.

Services Provided and Used – Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheets or the government-wide statements of net assets.

Designated Revenues – Revenues specifically restricted or committed by State statute initially received by another fund and subsequently distributed to a special revenue fund. Designated revenues are reported as revenues in the receiving special revenue fund and a reduction of revenues in the fund of initial deposit.

Reimbursements – Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers – Flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

The Department also has activity with various component units of the State of Illinois for professional services received and payments for State and Federal programs.

(j) Capital Assets

Capital assets, which include property, plant, equipment, and intangibles are reported at cost or estimated historical cost based on appraisals. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated/amortized using the straight-line method.

Capitalization thresholds (amounts expressed in whole dollars) and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Land	$ 100,000	N/A
Land Improvements	25,000	N/A
Site Improvements	25,000	3 - 50
Buildings	100,000	10 - 60
Building Improvements	25,000	10 - 45
Equipment	5,000	3 - 25
Purchased Computer Software	25,000	3 - 5
Internally Generated Computer Software	1,000,000	5 - 20

(k) Compensated Absences

The liability for compensated absences reported in the government-wide statement of net assets consists of unpaid, accumulated vacation and sick leave balances for Department employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., Social Security and Medicare taxes).

Legislation that became effective January 1, 1998, capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997, (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997, will be converted to service time for purposes of calculating employee pension benefits.

(l) Fund Balances

Effective July 1, 2010, the Department adopted the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. In addition, GASB 54 modified certain fund type definitions. Pursuant to this guidance, the Department was required to report fund balances previously reported as non-major special revenue funds, as part of the General Fund. As a result, the Department restated its beginning fund balance in the General Fund by $1,196 thousand in order to properly reflect the reclassification of funds previously reported as special revenue funds.

Effective for the year ending June 30, 2011, components of fund balance include the following captions:

Nonspendable – Fund balance component resulting from portions of net resources that cannot be spent because of their form or because they must be legally or contractually maintained intact.

Restricted – Fund balance component resulting from enforceable external limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation.

Committed – Fund balance component resulting from self-imposed limitations set in place prior to the end of the reporting period. The limitations are imposed at the highest level of decision-making authority that requires formal action at the same level to remove. For the Department, the Office of the Governor is the highest level of decision-making. In order to commit fund balance for a specific purpose, the Office of the Governor must pass a resolution specifying the commitment.

Assigned – Fund balance component resulting from limitations on intended use established by the Department itself. The intended use is established by an official designated for that purpose. The Secretary of the Department has been designated by the Office of the Governor for this purpose.

Unassigned – Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance.

The implementation of these new components of fund balance is intended to decrease confusion and to better serve the needs of financial statement users. If there is an expenditure incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) fund balance is available, the Department considers restricted fund balance to be spent before unrestricted fund balance. In addition, if there is an expenditure incurred for which committed, assigned or unassigned fund balance may be used, the Department considers committed fund balance to be spent before assigned fund balance and assigned fund balance to be spent before unassigned fund balance.

(m) Net Assets

In the government-wide statement of net assets, equity is displayed in three components as follows:

Invested in capital assets, net of related debt – This consists of capital assets, net of accumulated depreciation/amortization, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Department's restricted net assets are restricted by outside parties or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(n) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Future Adoption of Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, will be effective for the Department beginning with its year ending June 30, 2013. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will be effective for the Department beginning with its year ending June 30, 2013. The objective of this statement is to provide financial reporting guidance for deferred outflows and inflows of resources and to rename the residual measure from "Net Assets" to "Net Position".

The Department has not yet determined the impact these statements will have on financial reporting.

NOTE (3) - Deposits and Investments

(a) Deposits

The State Treasurer is the custodian of the Department's deposits and investments for funds maintained in the State Treasury. The Department independently manages deposits and investments maintained outside the State Treasury.

Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Details on the nature of these deposits and investments are available within the State of Illinois' Comprehensive Annual Financial Report.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Department is required by the State Officers and Employees Money Disposition Act (30 ILCS 230/2c) to obtain a bond, pledged securities, or other eligible collateral equal to or greater than the uninsured portion of the deposit. Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of $2.447 and $2.625 million at June 30, 2011, respectively. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of $1.467 and $1.482 million, respectively, at June 30, 2011.

Of the total bank balances, $.4 million was exposed to custodial credit risk (amounts expressed in thousands) as follows:

Uninsured and collateral held by the pledging financial institution (but not in its trust department or agent) in the Department's name	$ 100
Uninsured and collateral not held by the pledging financial institution in the Department's name	300
Total	$ 400

(b) Investments

As of June 30, 2011, the Department had the following investments outside of the State Treasury:

Governmental Activities	**Fair Value (Thousands)**	**Weighted Average Maturity (Years)**
U.S. Treasury Notes	$ 11	6.000
U.S. Agency Obligations	32	5.000
Certificates of deposit	1,377	Various
Illinois Public Treasurers' Investment Pool	1,072	.117 years
Total Governmental Activities	$ 2,492	

Interest Rate Risk – The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – The Department does not have a formal investment policy that limits investment choices. The U.S. Agency Obligations were rated Aaa by Moody's Investors Services, AAA by Fitch Ratings, or AAA by Standard & Poor's ratings. The Illinois Public Treasurers' Investment Pool was rated AAAm by Standard & Poor's.

(c) Reconciliation to Statement of Net Assets and Statement of Fiduciary Net Assets

The amounts reported as investments in the statement of net assets and the statement of fiduciary net assets contain certain long-term deposits to reflect their lack of liquidity. A reconciliation (amounts expressed in thousands) follows:

	Cash & Cash Equivalents/ Deposits	Investments
Governmental Activities		
Amounts per note	$ 2,447	$ 2,492
Deposits held for investment purposes	(19)	19
Cash equivalents	127	(127)
Petty cash	31	-
Amounts per Statement of Net Assets	$ 2,586	$ 2,384
Fiduciary Funds		
Amounts per note	$ 1,467	$ -
Deposits held for investment purposes	-	949
Petty cash	15	-
Amounts per Statement of Fiduciary Net Assets	$ 1,482	$ 949

NOTE (4) - Other Receivables

Other receivables at June 30, 2011 (amounts expressed in thousands) consisted of the following:

	Governmental Funds		
Revenue Source	**General Fund**	**Non-major Funds**	**Fiduciary Funds**
Fines and fees	$ -	$ 1,168	$ -
Public assistance recoveries	8,241	15	-
Rebates	-	12,219	-
Recipient services	459,744	27,853	2
Investment and other income	25	8	-
Total other receivables	468,010	41,263	2
Allowance for uncollectible amounts	(439,802)	(16,709)	-
Other receivables, net	$ 28,208	$ 24,554	$ 2

NOTE (5) - Securities Lending Transactions

Under the authority of the Treasurer's published investment policy that was developed in accordance with State statute, the State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank Group to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2011, Deutsche Bank Group lent U.S. agency securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate market value of the loaned securities. Loans are marked to market daily. If the market value of collateral falls below 100%, the borrower must provide additional collateral to raise the market value to 100%.

The State Treasurer did not impose any restrictions during the fiscal year on the amount of the loans of available, eligible securities. In the event of borrower default, Deutsche Bank Group provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank Group is obligated to indemnify the State Treasurer if Deutsche Bank Group loses any securities, collateral or investments of the State Treasurer in Deutsche Bank Group's custody. Moreover, there were no losses during the fiscal year resulting from a default of the borrowers or Deutsche Bank Group.

During the fiscal year, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank Group and marked to market daily at no less than 100%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer has allocated the assets and obligations at June 30, 2011 arising from securities lending agreements to the various funds of the State. The amounts allocated to the Department were $27.650 million for governmental activities and $.186 million for fiduciary funds at June 30, 2011.

NOTE (6) - Interfund Balances and Activity

(a) Balances Due from/to Other Funds

The following balances (amounts expressed in thousands) at June 30, 2011 represent amounts due from other Department and State of Illinois funds:

	Due from Other			
Fund Type	**Department Funds**	**State Funds**	**State Fiduciary Funds**	**Description/Purpose**
General	$ 288	$ 41,217	$ -	See comment below.
Non-major governmental	28,506	4,442	1	See comment below.
Fiduciary	16	504	-	See comment below.
Totals	$ 28,810	$46,163	$ 1	

General - Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.

Non-major governmental - Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.

Fiduciary - Due from other Department and State funds for expenditure reimbursements.

The following balances (amounts expressed in thousands) at June 30, 2011 represent amounts due to other Department and State of Illinois funds:

	Due to Other				
Fund Type	**Department Funds**	**State Funds**	**Department Fiduciary Funds**	**State Fiduciary Funds**	**Description/Purpose**
General	$ 28,506	$ 21,629	$ 16	$ 175	See comment below.
Non-major governmental	288	4,819	-	1,612	See comment below.
Totals	$ 28,794	$ 26,448	$ 16	$ 1,787	

General - Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements, and other State fiduciary funds for postemployment benefits.

Non-major governmental - Due to other Department funds for required transfers and expenditure reimbursements, other State funds for expenditure reimbursements, and other State fiduciary funds for postemployment benefits.

(b) Transfers from/to Other Funds

Interfund transfers-in (amounts expressed in thousands) for the year ended June 30, 2011, were as follows:

	Transfers-in from Other		
Fund Type	**Department Funds**	**State Funds**	**Description/Purpose**
General	$ 10	$ 20,000	Transfer from other Department funds and other State funds pursuant to statute.
Non-major governmental	67,080	500	Transfers from other Department funds and other State funds pursuant to statute and annual appropriations bill.
Totals	$ 67,090	$ 20,500	

Interfund transfers-out (amounts expressed in thousands) for the year ended June 30, 2011, were as follows:

Fund Type	Transfers-out to Other Department Funds	State Funds	Description/Purpose
General	$ 67,080	$ 5,253	Transfers to other Department funds pursuant to statute and to other State funds for State budget shortfalls.
Non-major governmental	10	-	Transfers to other Department funds pursuant to statute.
Totals	$ 67,090	$ 5,253	

(c) Balances due from/to State of Illinois Component Units

The following balances (amounts expressed in thousands) at June 30, 2011 represent amounts due from/to State of Illinois Component Units for reimbursement for expenses incurred:

	Due from	Due to	
Component Unit	**Non-major Governmental Funds**	**General Fund**	**Non-major Governmental Funds**
Toll Highway Authority	$ -	$ -	$ 3
Chicago State University	-	-	76
Eastern Illinois University	6	8	76
Governors State University	-	-	21
Northeastern Illinois University	-	-	1
Western Illinois University	-	-	64
Illinois State University	-	-	9
Northern Illinois University	-	12	16
Southern Illinois University	-	182	589
University of Illinois	184	814	3,653
Totals	$ 190	$ 1,016	$ 4,508

NOTE (7) - Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Deletions	Net Transfers	Balance June 30, 2011
Capital assets not being depreciated/amortized:					
Land and land improvements	$ 3,248	$ -	$ -	$ -	$ 3,248
Internally generated intangible assets in development	-	4,928	-	-	4,928
Total capital assets not being depreciated/amortized	3,248	4,928	-	-	8,176
Capital assets being depreciated/amortized:					
Site improvements	109,483	-	-	(154)	109,329
Buildings and building improvements	672,334	199	-	3,627	676,160
Equipment	43,079	2,910	7,168	-	38,821
Capital leases - equipment	714	294	-	-	1,008
Non-internally generated software	40	164	-	-	204
Internally generated software	-	5,628	-	-	5,628
Total capital assets being depreciated/amortized	825,650	9,195	7,168	3,473	831,150
Less accumulated depreciation/amortization:					
Site improvements	83,153	3,472	-	(33)	86,592
Buildings and building improvements	481,200	20,563	-	127	501,890
Equipment	33,758	2,410	7,168	-	29,000
Capital leases - equipment	411	300		-	711
Non-internally generated software	2	24	-	-	26
Internally generated software	-	281	-	-	281
Total accumulated depreciation/amortization	598,524	27,050	7,168	94	618,500
Total capital assets being depreciated/amortized, net	227,126	(17,855)	-	3,379	212,650
Total capital assets, net	$ 230,374	$ (12,927)	$ -	$ 3,379	$ 220,826

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2011 was charged as follows:

Health and social services	$ 27,050

During fiscal year 2002, the Department closed the Lincoln Developmental Center which has a current book value of $9.665 million, net of $36.681 million in accumulated depreciation. It is unknown whether the Center will be placed back into service in the future.

NOTE (8) - Long-term Obligations

(a) Changes in Long-term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2011, were as follows:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Amounts Due Within One Year
Other long-term obligations:					
Compensated absences	$76,024	$100,474	$99,493	$77,005	$ 3,081
Capital lease obligations	319	294	298	315	159
Installment purchase obligations	247	-	141	106	71
Totals	$76,590	$100,768	$99,932	$77,426	$ 3,311

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

(b) Capital Lease Obligations

The Department leases office and computer equipment with a historical cost and accumulated depreciation (amounts expressed in thousands) of $1,008 and $711, respectively, under capital lease arrangements. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting. Future minimum lease payments (amounts expressed in thousands) at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 159	$ 40	$ 199
2013	113	20	133
2014	43	1	44
Totals	$ 315	$ 61	$ 376

(c) Installment Purchase Obligations

The Department has acquired certain office equipment, computer equipment, and other assets through installment purchase arrangements. Future debt service requirements under installment purchase contracts (amounts expressed in thousands) at June 30, 2011, are as follows:

Year Ending June 30,	**Principal**	**Interest**	**Total**
2012	$ 71	$ 4	$ 75
2013	17	1	18
2014	18	-	18
Totals	$ 106	$ 5	$ 111

NOTE (9) - Pension Plan

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2011 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. The SERS issues a separate CAFR that may be obtained by writing to the SERS; 2101 South Veterans Parkway; Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2011, the employer contribution rate was 27.988%.

NOTE (10) - Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998 and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998 the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expense by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services; 201 South Grand Ave.; Springfield, Illinois, 62763-3838.

NOTE (11) - Fund Balances

(a) Categories

At June 30, 2011, the Department's fund balances were classified as follows:

	General Fund	Non-major Governmental Funds	Total
Nonspendable:			
Inventory	$ 9,965	$ 256	$ 10,221
Long-term loans receivable	-	395	395
Permanent endowments	-	1,162	1,162
Total nonspendable	9,965	1,813	11,778
Restricted purposes:			
Health and social services	20,668	7,212	27,880
Committed purposes:			
Health and social services	60,965	33,078	94,043
Total unassigned	(115,341)	(538)	(115,879)
Total fund balances	$ (23,743)	$ 41,565	$ 17,822

(b) Fund Deficits

The General Revenue and Care Provider Fund for Persons with a Developmental Disability subaccounts of the General Fund, and the Prevention and Treatment of Alcoholism and Substance Abuse Block Grant, Drunk and Drugged Driving Prevention, Federal National Community Services, DHS Special Purposes Trust, and DHS State Projects, non-major governmental funds, had fund deficits (amounts expressed in thousands) of $103,663, $1,713, $12, $57, $142, $256, and $72 respectively, at June 30, 2011. The deficit in the General Fund will be eliminated through the collection and allocation of future State revenues to the Department. The deficits in the non-major governmental funds will be eliminated by future recognition of earned but unavailable revenues and from future revenues.

NOTE (12) – Restatement for Implementation of New Accounting Standard

As shown in the following table, the financial statements of the Department have been restated as of June 30, 2010, for the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Illinois Veterans' Rehabilitation Fund (0036) presented as a non-major special revenue fund in previous years was reclassified to the General Fund based upon criteria contained in GASB Statement No. 54, (amounts expressed in thousands) as follows:

	General Fund	Non-major Governmental Funds
Fund balance, June 30, 2010, as previously reported	$ 110,729	$ 27,441
Implementation of GASB Statement No. 54	1,196	(1,196)
Fund balance, June 30, 2010, as restated	$ 111,925	$ 26,245

NOTE (13) - Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; aviation liability; auto liability; workers compensation; and natural disasters. The State retains the risk of loss (i.e. self insured) for these risks.

NOTE (14) - Commitments and Contingencies

(a) Operating Leases

The Department leases office facilities, office equipment, and computer equipment under the terms of non-cancelable operating lease agreements that require the Department to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was $14.875 million for the year ended June 30, 2011.

The following is a schedule of future minimum lease payments under operating leases (amounts expressed in thousands):

Year Ending June 30,	Amount
2012	$ 329
2013	300
2014	300
2015	225
2016	-
Total	$ 1,154

(b) Federal Funding

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants and subject to repayment by the Department. Generally, no provision for repayment is recorded until the federal grantor agency has determined a repayment is necessary. Identified questioned costs are reported in the State of Illinois Single Audit Report. A copy of the report may be obtained by contacting the State of Illinois Office of the Auditor General; Iles Park Plaza; 740 East Ash Street; Springfield, IL 62703-3154.

For federal grant programs in which questioned costs could be determined, the State of Illinois Single Audit Reports for the years ended June 30, 2010 and June 30, 2009 include questioned costs totaling none and nominal, respectively, for the Department that have not been resolved. Management of the Department disagrees with the determination of questioned costs and has provided documentation supporting their position to the federal grantor agency conducting the review. The Department expects questioned costs to be reported in the State of Illinois Single Audit Report for the year ended June 30, 2011.

(c) Litigation

The Department has been named as a defendant in the cases disclosed in the following paragraphs. For each described case, there is a likelihood of a negative outcome, although the amount of the liability is uncertain and no cost has been recognized in the Department's financial statements for the year ended June 30, 2011. The cost of adverse outcomes in such cases often require the Department to commit future financial resources to satisfy the terms of the Consent Decree.

Ligas v. Maram is a complaint for declaratory and injunctive relief filed against the Department and the Department of Healthcare and Family Services by individuals with developmental disabilities who claim violation of various statutes in connection with defendants' alleged failure to provide them with appropriate services sufficient to permit them to live in more integrated settings. A Consent Decree has been approved by the Court and the parties are currently developing an implementation plan. The implementation plan is expected to be submitted to the Court for approval in December 2011. The Ligas case is estimated to cost the Department $5 million in State Fiscal Year 2012.

Williams v. Quinn is a complaint for declaratory relief and injunctive relief filed against the Office of the Governor, the Department, the Department of Healthcare and Family Services and the Department of Public Health. A Consent Decree and an implementation plan have been approved by the Court. The Williams case is estimated to cost the Department $15.9 million in State Fiscal Year 2012.

In addition, the Department is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these matters is not expected to have any material adverse effect on the financial position or results of operations of the Department.

NOTE (15) – Subsequent Events

The Department is at various stages in the process of potentially closing four facilities. The Department anticipates the closure of Tinley Park Mental Health Center during July 2012, Jacksonville Developmental Center and Singer Mental Health Center toward the end of calendar year 2012, and Murray Developmental Center toward the end of fiscal year 2014. Public hearings have been held regarding these expected closures; however, the closure dates are subject to change due to the availability of appropriations, the movement of residents to other facilities and other factors impacting the decision making process.

SUPPLEMENTARY INFORMATION

State of Illinois

Department of Human Services

Combining Schedule of Accounts - General Fund

June 30, 2011 (Expressed in Thousands)

	General Revenue 0001	Illinois Veterans' Rehabilitation 0036	Community DD Services Medicaid Trust 0142	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
ASSETS									
Unexpended appropriations	$ 457,088	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 457,088
Cash equity with State Treasurer	32	206	10,126	-	15,914	37,331	11,700	-	75,309
Cash and cash equivalents	199	-	-	-	-	-	-	-	199
Securities lending collateral equity with State Treasurer	-	-	4,321	-	6,292	11,490	-	-	22,103
Due from other government - federal	95,563	-	6,110	-	1,880	5,327	-	-	108,880
Other receivables, net	724	-	5	-	7	13	27,459	-	28,208
Due from other Department funds	31,528	1,213	-	-	-	-	-	(32,453)	288
Due from other State funds	4	-	31,648	-	9,565	-	-	-	41,217
Inventories	9,965	-	-	-	-	-	-	-	9,965
Total assets	$ 595,103	$ 1,419	$ 52,210	$ -	$ 33,658	$ 54,161	$ 39,159	$ (32,453)	$ 743,257
LIABILITIES									
Accounts payable and accrued liabilities	$ 485,740	$ 58	$ 1,651	$ 1,713	$ 5,612	$ 1,935	$ 642	$ -	$ 497,351
Due to other government - federal	2,350	4	-	-	1	3	2,022	-	4,380
Due to other government - local	16,122	-	2	-	14	98	-	-	16,236
Due to other Department fiduciary funds	16	-	-	-	-	-	-	-	16
Due to other State fiduciary funds	40	29	-	-	7	17	82	-	175
Due to other Department funds	29,671	-	21,099	-	-	-	10,189	(32,453)	28,506
Due to other State funds	21,566	6	-	-	-	25	32	-	21,629
Due to State of Illinois component units	914	-	-	-	82	20	-	-	1,016
Unavailable revenue	91,116	-	4,469	-	1,878	702	26,192	-	124,357
Unearned revenue	51,231	-	-	-	-	-	-	-	51,231
Obligations under securities lending of State Treasurer	-	-	4,321	-	6,292	11,490	-	-	22,103
Total liabilities	698,766	97	31,542	1,713	13,886	14,290	39,159	(32,453)	767,000
FUND BALANCES (DEFICITS)									
Nonspendable	9,965	-	-	-	-	-	-	-	9,965
Restricted	-	-	20,668	-	-	-	-	-	20,668
Committed	-	1,322	-	-	19,772	39,871	-	-	60,965
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	(113,628)	-	-	(1,713)	-	-	-	-	(115,341)
Total fund balances (deficits)	(103,663)	1,322	20,668	(1,713)	19,772	39,871	-	-	(23,743)
Total liabilities and fund balances (deficits)	$ 595,103	$ 1,419	$ 52,210	$ -	$ 33,658	$ 54,161	$ 39,159	$ (32,453)	$ 743,257

State of Illinois

Department of Human Services

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance - General Fund

For the Year Ended June 30, 2011 (Expressed in Thousands)

	General Revenue 0001	Illinois Veterans' Rehabilitation 0036	Community DD Services Medicaid Trust 0142	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
REVENUES									
Federal operating grants	$ 572,568	$ -	$ 54,213	$ -	$ 16,312	$ 81,743	$ -	$ -	$ 724,836
Licenses and fees	49	-	-	-	-	-	-	-	49
Interest and investment income	-	-	89	-	148	145	-	-	382
Other charges for services	85	-	-	-	-	-	12,397	-	12,482
Other revenues	236	-	-	-	-	-	-	-	236
Total revenues	572,938	-	54,302	-	16,460	81,888	12,397	-	737,985
EXPENDITURES									
Health and social services	3,861,024	4,637	28,650	36,777	55,046	74,803	9,468	-	4,070,405
Debt service - principal	429	-	-	-	-	-	-	-	429
Debt service - interest	45	-	-	-	-	-	-	-	45
Capital outlays	3,746	-	-	-	-	-	-	-	3,746
Total expenditures	3,865,244	4,637	28,650	36,777	55,046	74,803	9,468	-	4,074,625
Excess (deficiency) of revenues over (under) expenditures	(3,292,306)	(4,637)	25,652	(36,777)	(38,586)	7,085	2,929	-	(3,336,640)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	3,901,457	-	-	50,000	-	-	-	-	3,951,457
Lapsed appropriations	(23,557)	-	-	(10,972)	-	-	-	-	(34,529)
Receipts collected and transmitted to State Treasury	(591,869)	-	-	-	-	-	-	-	(591,869)
Amount of SAMS transfers-in	(76,940)	-	-	-	-	-	-	-	(76,940)
Amount of SAMS transfers-out	4,392	-	-	-	-	-	-	-	4,392
Transfers-in	24,038	4,763	-	-	20,000	-	-	(28,791)	20,010
Transfers-out	(76,739)	-	(21,099)	-	(357)	-	(2,929)	28,791	(72,333)
Capital lease and installment purchase financing	239	-	-	-	-	-	-	-	239
Net other sources (uses) of financial resources	3,161,021	4,763	(21,099)	39,028	19,643	-	(2,929)	-	3,200,427
Net change in fund balances	(131,285)	126	4,553	2,251	(18,943)	7,085	-	-	(136,213)
Fund balances (deficits), July 1, 2010, as restated	27,077	1,196	16,115	(3,964)	38,715	32,786	-	-	111,925
Increase for change in inventories	545	-	-	-	-	-	-	-	545
FUND BALANCES (DEFICITS), JUNE 30, 2011	$ (103,663)	$ 1,322	$ 20,668	$ (1,713)	$ 19,772	$ 39,871	$ -	$ -	$ (23,743)

State of Illinois

Department of Human Services

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2011 (Expressed in Thousands)

	Special Revenue								
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Group Home Loan Revolving 0025	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100	Youth Alcoholism and Substance Abuse Prevention 0128	Diabetes Research Check-off 0198	Autism Research Check-off 0228	Drunk and Drugged Driving Prevention 0276
ASSETS									
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash equity with State Treasurer	209	8	19,813	4,250	6	84	141	64	261
Cash and cash equivalents	-	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	3	-	-	-	-	4	2	-
Investments	-	-	-	-	-	-	-	-	-
Due from other government - federal	8,461	-	8,594	7,567	-	-	-	-	-
Due from other government - local	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	238	-	-	-	-	-	-
Other receivables, net	-	-	12,125	22	-	-	-	-	-
Loans and notes receivable, net	-	26	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	1	-	-	-	-	-	-
Due from other Department funds	-	-	-	6,398	3	-	-	-	-
Due from other State funds	-	56	1,990	-	122	-	73	-	-
Due from State of Illinois component units	-	-	-	39	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	$ 8,670	$ 93	$ 42,761	$ 18,276	$ 131	$ 84	$ 218	$ 66	$ 261
LIABILITIES									
Accounts payable and accrued liabilities	$ 7,843	$ -	$ 1,311	$ 9,250	$ -	$ 78	$ -	$ -	$ 259
Due to other government - federal	5	-	10	133	-	-	-	-	1
Due to other government - local	465	-	-	1,300	-	-	-	-	16
Due to other State fiduciary funds	21	-	58	501	-	-	-	-	8
Due to other Department funds	-	-	-	284	-	-	-	-	-
Due to other State funds	142	-	-	1,966	-	-	-	-	28
Due to State of Illinois component units	206	-	68	1,326	-	-	-	-	6
Unavailable revenue	-	-	15,474	718	-	-	-	-	-
Unearned revenue	-	-	-	1,771	-	-	-	-	-
Obligations under securities lending of State Treasurer	-	3	-	-	-	-	4	2	-
Total liabilities	8,682	3	16,921	17,249	-	78	4	2	318
FUND BALANCES (DEFICITS)									
Nonspendable	-	26	-	-	-	-	-	-	-
Restricted	-	64	-	1,027	-	-	-	64	-
Committed	-	-	25,840	-	131	6	214	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unrassigned	(12)	-	-	-	-	-	-	-	(57)
Total fund balances (deficits)	(12)	90	25,840	1,027	131	6	214	64	(57)
Total liabilities and fund balances (deficits)	$ 8,670	$ 93	$ 42,761	$ 18,276	$ 131	$ 84	$ 218	$ 66	$ 261

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2011 (Expressed in Thousands)

	Special Revenue							
	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389	Gaining Early Awareness and Readiness for Undergraduate Programs 0394	DHS Special Purposes Trust 0408	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502
ASSETS								
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash equity with State Treasurer	502	100	889	18	11,117	22,111	1,197	3,006
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	4,333	-	-	1,202
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	538	48,961	-	-	108	28,399	1,692	16,885
Due from other government - local	-	-	142	2	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	5	2	-	86
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	22,080
Due from other State funds	-	34	-	103	-	400	-	15
Due from State of Illinois component units	-	-	-	-	-	128	-	-
Inventories	-	-	-	-	-	-	256	-
Total assets	$ 1,040	$ 49,095	$ 1,031	$ 123	$ 15,563	$ 51,040	$ 3,145	$ 43,274
LIABILITIES								
Accounts payable and accrued liabilities	$ 663	$ 47,833	$ 15	$ 25	$ 74	$ 23,550	$ 1,758	$ 26,645
Due to other government - federal	-	-	1	-	-	30	108	3
Due to other government - local	240	454	-	-	10	8,320	-	490
Due to other State fiduciary funds	4	-	3	-	-	146	701	13
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	1	-	-	-	-	1,481	322	45
Due to State of Illinois component units	121	212	-	-	49	736	-	100
Unavailable revenue	142	-	-	-	-	828	-	5,985
Unearned revenue	11	596	-	-	10,925	16,205	-	3,871
Obligations under securities lending of State Treasurer	-	-	-	-	4,333	-	-	1,202
Total liabilities	1,182	49,095	19	25	15,391	51,296	2,889	38,354
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	256	-
Restricted	-	-	-	-	172	-	-	-
Committed	-	-	1,012	98	-	-	-	4,920
Assigned	-	-	-	-	-	-	-	-
Unassigned	(142)	-	-	-	-	(256)	-	-
Total fund balances (deficits)	(142)	-	1,012	98	172	(256)	256	4,920
Total liabilities and fund balances (deficits)	$ 1,040	$ 49,095	$ 1,031	$ 123	$ 15,563	$ 51,040	$ 3,145	$ 43,274

State of Illinois

Department of Human Services

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2011 (Expressed in Thousands)

	Special Revenue								
	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	DHS State Projects 0642	Alcoholism and Substance Abuse 0646	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Hunger Relief 0706	Tobacco Settlement Recovery 0733	Local Initiative 0762
ASSETS									
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 112	$ -
Cash equity with State Treasurer	32	1,896	346	846	2,944	411	98	-	5,886
Cash and cash equivalents	-	-	-	-	-	400	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	3	-	-
Investments	-	-	-	-	-	-	-	-	-
Due from other government - federal	-	1,284	-	251	-	2,496	-	-	-
Due from other government - local	-	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	12,228	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	218	-	-	-	-	-	-	-
Due from other State funds	29	49	-	-	1,000	11	89	-	-
Due from State of Illinois component units	-	23	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	$ 61	$ 3,470	$ 346	$ 1,097	$ 3,944	$ 15,546	$ 190	$ 112	$ 5,886
LIABILITIES									
Accounts payable and accrued liabilities	$ -	$ 1,210	$ -	$ 477	$ 430	$ 13,219	$ -	$ 89	$ 2,343
Due to other government - federal	-	2	-	1	-	12	-	-	1
Due to other government - local	3	285	-	19	23	1,979	-	23	408
Due to other State fiduciary funds	-	15	-	5	-	75	-	-	9
Due to other Department funds	-	2	-	-	-	-	-	-	-
Due to other State funds	-	69	412	-	-	75	-	-	65
Due to State of Illinois component units	-	190	-	57	18	21	-	-	73
Unavailable revenue	-	230	-	-	-	-	-	-	-
Unearned revenue	-	951	6	538	3,473	165	-	-	2,987
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	3	-	-
Total liabilities	3	2,954	418	1,097	3,944	15,546	3	112	5,886
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	516	-	-	-	-	187	-	-
Committed	58	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(72)	-	-	-	-	-	-
Total fund balances (deficits)	58	516	(72)	-	-	-	187	-	-
Total liabilities and fund balances (deficits)	$ 61	$ 3,470	$ 346	$ 1,097	$ 3,944	$ 15,546	$ 190	$ 112	$ 5,886

State of Illinois

Department of Human Services

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2011 (Expressed in Thousands)

	Special Revenue								
	Crisis Nursery 0777	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911	DHS Other Special Trusts 1139	DHS Commissary Funds 1140
ASSETS									
Unexpended appropriations	$ -	$ -	$ -	$ 1,754	$ -	$ -	$ -	$ -	$ -
Cash equity with State Treasurer	5	684	292	-	85	183	681	-	-
Cash and cash equivalents	-	-	-	-	-	-	-	523	12
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	1,055	-
Due from other government - federal	-	-	-	2,479	22	-	-	46	-
Due from other government - local	-	-	19	-	-	-	-	305	-
Taxes receivable, net	-	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-	2	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-	-
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	-
Due from other Department funds	-	2	-	-	-	-	-	-	-
Due from other State funds	-	101	356	-	-	14	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-
Total assets	$ 5	$ 787	$ 667	$ 4,233	$ 107	$ 197	$ 681	$ 1,931	$ 12
LIABILITIES									
Accounts payable and accrued liabilities	$ 5	$ 123	$ 25	$ 358	$ 68	$ -	$ 54	$ -	$ -
Due to other government - federal	-	-	-	6	2	-	-	-	-
Due to other government - local	-	1	30	89	21	-	46	-	-
Due to other State fiduciary funds	-	3	-	39	10	-	1	-	-
Due to other Department funds	-	-	-	-	-	-	-	-	4
Due to other State funds	-	104	10	2	6	-	91	-	-
Due to State of Illinois component units	-	-	-	1,275	-	-	50	-	-
Unavailable revenue	-	-	-	263	-	-	-	-	-
Unearned revenue	-	-	-	1,033	-	-	439	-	4
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	-
Total liabilities	5	231	65	3,065	107	-	681	-	8
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	555	-	1,168	-	-	-	1,931	4
Committed	-	-	602	-	-	197	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	1	-	-	-	-	-	-	-
Total fund balances (deficits)	-	556	602	1,168	-	197	-	1,931	4
Total liabilities and fund balances (deficits)	$ 5	$ 787	$ 667	$ 4,233	$ 107	$ 197	$ 681	$ 1,931	$ 12

State of Illinois
Department of Human Services

Combining Balance Sheet - Non-major Governmental Funds

June 30, 2011 (Expressed in Thousands)

	Special Revenue					Permanent Trust			
	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245	Vending Facility Program for the Blind 1385	Assets for Independence 1391	DHS/DORS Permanent Trust 1150	Burr Bequest 1272	Eliminations	Total
ASSETS									
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,866
Cash equity with State Treasurer	-	-	-	-	-	-	-	-	78,165
Cash and cash equivalents	67	217	-	161	815	103	89	-	2,387
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-	5,547
Investments	-	37	-	-	-	347	945	-	2,384
Due from other government - federal	-	-	-	-	-	-	-	-	127,783
Due from other government - local	-	48	-	-	-	-	-	-	516
Taxes receivable, net	-	-	-	-	-	-	-	-	238
Other receivables, net	10	1	-	73	-	-	-	-	24,554
Loans and notes receivable, net	-	-	-	369	-	-	-	-	395
Due from other State fiduciary funds	-	-	-	-	-	-	-	-	1
Due from other Department funds	20	238	-	-	-	-	-	(453)	28,506
Due from other State funds	-	-	-	-	-	-	-	-	4,442
Due from State of Illinois component units	-	-	-	-	-	-	-	-	190
Inventories	-	-	-	-	-	-	-	-	256
Total assets	$ 97	$ 541	$ -	$ 603	$ 815	$ 450	$ 1,034	$ (453)	$ 277,230
LIABILITIES									
Accounts payable and accrued liabilities	$ 2	$ -	$ -	$ 30	$ -	$ -	$ -	$ -	$ 137,737
Due to other government - federal	2	-	-	-	-	-	-	-	317
Due to other government - local	-	-	-	-	-	-	-	-	14,222
Due to other State fiduciary funds	-	-	-	-	-	-	-	-	1,612
Due to other Department funds	-	-	-	-	218	233	-	(453)	288
Due to other State funds	-	-	-	-	-	-	-	-	4,819
Due to State of Illinois component units	-	-	-	-	-	-	-	-	4,508
Unavailable revenue	-	-	-	-	-	-	-	-	23,640
Unearned revenue	-	-	-	-	-	-	-	-	42,975
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-	5,547
Total liabilities	4	-	-	30	218	233	-	(453)	235,665
FUND BALANCES (DEFICITS)									
Nonspendable	-	-	-	369	-	217	945	-	1,813
Restricted	93	541	-	204	597	-	89	-	7,212
Committed	-	-	-	-	-	-	-	-	33,078
Assigned	-	-	-	-	-	-	-	-	-
Unrassigned	-	-	-	-	-	-	-	-	(538)
Total fund balances (deficits)	93	541	-	573	597	217	1,034	-	41,565
Total liabilities and fund balances (deficits)	$ 97	$ 541	$ -	$ 603	$ 815	$ 450	$ 1,034	$ (453)	$ 277,230

State of Illinois
Department of Human Services

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds

For the Year Ended June 30, 2011 (Expressed in Thousands)

	Special Revenue								
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Group Home Loan Revolving 0025	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100	Youth Alcoholism and Substance Abuse Prevention 0128	Diabetes Research Check-off 0198	Autism Research Check-off 0228	Drunk and Drugged Driving Prevention 0276
REVENUES									
Federal operating grants	$ 67,418	$ -	$ -	$ 108,240	$ -	$ -	$ -	$ -	$ -
Licenses and fees	-	-	-	-	-	1,091	-	-	1,945
Interest and investment income	-	-	-	-	-	-	-	-	-
Other charges for services	-	-	31,827	1,537	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-	-
Other taxes	-	-	1,043	-	-	-	-	-	-
Other revenues	-	-	-	35	135	-	80	-	4
Total revenues	67,418	-	32,870	109,812	135	1,091	80	-	1,949
EXPENDITURES									
Health and social services	67,413	-	25,681	102,005	210	1,104	-	-	2,035
Debt service - principal	1	-	-	8	-	-	-	-	-
Debt service - interest	-	-	-	14	-	-	-	-	-
Capital outlays	1	-	-	5,985	-	-	-	-	-
Total expenditures	67,415	-	25,681	108,012	210	1,104	-	-	2,035
Excess (deficiency) of revenues over (under) expenditures	3	-	7,189	1,800	(75)	(13)	80	-	(86)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	-
Transfers-in	-	16	-	215	-	-	-	-	-
Transfers-out	(16)	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	1	-	-	51	-	-	-	-	-
Net other sources (uses) of financial resources	(15)	16	-	266	-	-	-	-	-
Net change in fund balances	(12)	16	7,189	2,066	(75)	(13)	80	-	(86)
Fund balances (deficits), July 1, 2010, as restated	-	74	18,651	(1,039)	206	19	134	64	29
Increase for changes in inventories	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2011	$ (12)	$ 90	$ 25,840	$ 1,027	$ 131	$ 6	$ 214	$ 64	$ (57)

State of Illinois
Department of Human Services

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds

For the Year Ended June 30, 2011 (Expressed in Thousands

	Special Revenue							
	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389	Gaining Early Awareness and Readiness for Undergraduate Programs 0394	DHS Special Purposes Trust 0408	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502
REVENUES								
Federal operating grants	$ 8,988	$ 249,956	$ -	$ -	$ 1,337	$ 251,727	$ 77,379	$ 69,814
Licenses and fees	-	-	-	-	-	-	-	3,113
Interest and investment income	-	-	-	-	56	-	-	26
Other charges for services	-	-	3,690	54	-	-	-	139
Other operating grants	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	(125)
Total revenues	8,988	249,956	3,690	54	1,393	251,727	77,379	72,967
EXPENDITURES								
Health and social services	8,969	249,530	3,082	25	1,711	247,774	77,305	137,381
Debt service - principal	-	-	-	-	-	1	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	4,312	74	-
Total expenditures	8,969	249,530	3,082	25	1,711	252,087	77,379	137,381
Excess (deficiency) of revenues over (under) expenditures	19	426	608	29	(318)	(360)	-	(64,414)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	67,080
Transfers-out	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	-	-	3	-	-
Net other sources (uses) of financial resources	-	-	-	-	-	3	-	67,080
Net change in fund balances	19	426	608	29	(318)	(357)	-	2,666
Fund balances (deficits), July 1, 2010, as restated	(161)	(426)	404	69	490	101	-	2,254
Increase for changes in inventories	-	-	-	-	-	-	256	-
FUND BALANCES (DEFICITS), JUNE 30, 2011	$ (142)	$ -	$ 1,012	$ 98	$ 172	$ (256)	$ 256	$ 4,920

State of Illinois
Department of Human Services

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds

For the Year Ended June 30, 2011 (Expressed in Thousands

	Special Revenue								
	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	DHS State Projects 0642	Alcoholism and Substance Abuse 0646	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Hunger Relief 0706	Tobacco Settlement Recovery 0733	Local Initiative 0762
REVENUES									
Federal operating grants	$ -	$ 23,592	$ 3	$ 5,275	$ -	$ 230,178	$ -	$ -	$ 18,896
Licenses and fees	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	1	-	-	-
Other charges for services	20	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	421	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Other revenues	-	-	95	17	781	-	187	-	-
Total revenues	20	23,592	98	5,713	781	230,179	187	-	18,896
EXPENDITURES									
Health and social services	7	20,612	41	5,713	1,281	230,179	-	2,366	18,896
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-	-
Total expenditures	7	20,612	41	5,713	1,281	230,179	-	2,366	18,896
Excess (deficiency) of revenues over (under) expenditures	13	2,980	57	-	(500)	-	187	(2,366)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	2,368	-
Lapsed appropriations	-	-	-	-	-	-	-	(2)	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	500	-	-	-	-
Transfers-out	-	-	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	-	500	-	-	2,366	-
Net change in fund balances	13	2,980	57	-	-	-	187	-	-
Fund balances (deficits), July 1, 2010, as restated	45	(2,464)	(129)	-	-	-	-	-	-
Increase for changes in inventories	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2011	$ 58	$ 516	$ (72)	$ -	$ -	$ -	$ 187	$ -	$ -

State of Illinois
Department of Human Services

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds

For the Year Ended June 30, 2011 (Expressed in Thousands

	Special Revenue								
	Crisis Nursery 0777	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911	DHS Other Special Trusts 1139	DHS Commissary Funds 1140
REVENUES									
Federal operating grants	$ -	$ 521	$ -	$ 16,428	$ 16,034	$ -	$ 1,267	$ 270	$ -
Licenses and fees	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	22	-
Other charges for services	-	-	697	-	-	370	-	-	49
Other operating grants	-	56	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-
Other revenues	43	149	-	-	-	-	-	1,194	-
Total revenues	43	726	697	16,428	16,034	370	1,267	1,486	49
EXPENDITURES									
Health and social services	43	539	626	16,199	16,034	237	1,267	1,226	39
Debt service - principal	-	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-	-
Capital outlays	-	5	-	-	-	-	-	-	-
Total expenditures	43	544	626	16,199	16,034	237	1,267	1,226	39
Excess (deficiency) of revenues over (under) expenditures	-	182	71	229	-	133	-	260	10
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	28,369	-	-	-	-	-
Lapsed appropriations	-	-	-	(12,045)	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	(18,079)	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	6	-
Transfers-out	-	-	-	-	-	-	-	-	(10)
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	(1,755)	-	-	-	6	(10)
Net change in fund balances	-	182	71	(1,526)	-	133	-	266	-
Fund balances (deficits), July 1, 2010, as restated	-	374	531	2,694	-	64	-	1,665	4
Increase for changes in inventories	-	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2011	$ -	$ 556	$ 602	$ 1,168	$ -	$ 197	$ -	$ 1,931	$ 4

State of Illinois
Department of Human Services

Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-major Governmental Funds

For the Year Ended June 30, 2011 (Expressed in Thousands

	Special Revenue					Permanent Trust			
	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245	Vending Facility Program for the Blind 1385	Assets for Independence 1391	DHS/DORS Permanent Trust 1150	Burr Bequest 1272	Eliminations	Total
REVENUES									
Federal operating grants	$ -	$ -	$ 2,978,312	$ -	$ 6	$ -	$ -	$ -	$ 4,125,641
Licenses and fees	-	-	-	-	-	-	-	-	6,149
Interest and investment income	-	-	-	-	-	54	2	-	161
Other charges for services	-	-	-	185	-	-	-	-	38,568
Other operating grants	-	-	-	-	-	-	-	-	477
Other taxes	-	-	-	-	-	-	-	-	1,043
Other revenues	240	409	-	614	321	-	2	-	4,181
Total revenues	240	409	2,978,312	799	327	54	4	-	4,176,220
EXPENDITURES									
Health and social services	203	343	2,978,312	561	26	8	8	-	4,218,991
Debt service - principal	-	-	-	-	-	-	-	-	10
Debt service - interest	-	-	-	-	-	-	-	-	14
Capital outlays	-	-	-	-	-	-	-	-	10,377
Total expenditures	203	343	2,978,312	561	26	8	8	-	4,229,392
Excess (deficiency) of revenues over (under) expenditures	37	66	-	238	301	46	(4)	-	(53,172)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES									
Appropriations from State resources	-	-	-	-	-	-	-	-	30,737
Lapsed appropriations	-	-	-	-	-	-	-	-	(12,047)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-	(18,079)
Transfers-in	-	38	-	-	-	-	-	(275)	67,580
Transfers-out	(6)	-	-	(215)	-	(38)	-	275	(10)
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-	55
Net other sources (uses) of financial resources	(6)	38	-	(215)	-	(38)	-	-	68,236
Net change in fund balances	31	104	-	23	301	8	(4)	-	15,064
Fund balances (deficits), July 1, 2010, as restated	62	437	-	550	296	209	1,038	-	26,245
Increase for changes in inventories	-	-	-	-	-	-	-	-	256
FUND BALANCES (DEFICITS), JUNE 30, 2011	$ 93	$ 541	$ -	$ 573	$ 597	$ 217	$ 1,034	$ -	$ 41,565

State of Illinois

Department of Human Services

Combining Statement of Fiduciary Net Assets - Agency Funds

June 30, 2011 (Expressed in Thousands)

	Agency			
	Electronic Benefits Transfers 0540	**DHS Resident's Trust 1143**	**DHS/DORS Agency 1147**	**Total**
ASSETS				
Cash and cash equivalents	$ -	$ 1,481	$ 1	$ 1,482
Investments	-	934	15	949
Due from other government - federal	-	53	-	53
Other receivables, net	-	1	1	2
Due from other Department funds	-	-	16	16
Total assets	$ -	$ 2,469	$ 33	$ 2,502
LIABILITIES				
Accounts payable and accrued liabilities	$ -	$ -	$ 33	$ 33
Other liabilities	-	2,469	-	2,469
Total liabilities	$ -	$ 2,469	$ 33	$ 2,502

State of Illinois
Department of Human Services

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2011 (Expressed in Thousands)

	Balance at June 30, 2010	Additions	Deletions	Balance at June 30, 2011
Electronic Benefits Transfers (0540)				
ASSETS				
Cash equity with State Treasurer	$ -	$ 192,732	$ 192,732	$ -
Total assets	$ -	$ 192,732	$ 192,732	$ -
LIABILITIES				
Other liabilities	$ -	$ 192,732	$ 192,732	$ -
Total liabilities	$ -	$ 192,732	$ 192,732	$ -
DHS Resident's Trust (1143)				
ASSETS				
Cash and cash equivalents	$ 1,507	$ 17,472	$ 17,498	$ 1,481
Investments	1,024	-	90	934
Due from other government - federal	-	15,290	15,237	53
Other receivables, net	3	-	2	1
Due from other Department funds	1	-	1	-
Total assets	$ 2,535	$ 32,762	$ 32,828	$ 2,469
LIABILITIES				
Other liabilities	$ 2,535	$ 17,432	$ 17,498	$ 2,469
Total liabilities	$ 2,535	$ 17,432	$ 17,498	$ 2,469
DHS/DORS Agency (1147)				
ASSETS				
Cash and cash equivalents	$ 6	$ 335	$ 340	$ 1
Investments	15	-	-	15
Other receivables, net	1	1	1	1
Due from other Department funds	26	67	77	16
Total assets	$ 48	$ 403	$ 418	$ 33
LIABILITIES				
Accounts payable and accrued liabilities	$ 48	$ 325	$ 340	$ 33
Total liabilities	$ 48	$ 325	$ 340	$ 33
Total - All Agency Funds				
ASSETS				
Cash equity with State Treasurer	$ -	$ 192,732	$ 192,732	$ -
Cash and cash equivalents	1,513	17,807	17,838	1,482
Investments	1,039	-	90	949
Due from other government - federal	-	15,290	15,237	53
Other receivables, net	4	1	3	2
Due from other Department funds	27	67	78	16
Total assets	$ 2,583	$ 225,897	$ 225,978	$ 2,502
LIABILITIES				
Accounts payable and accrued liabilities	$ 48	$ 325	$ 340	$ 33
Other liabilities	2,535	17,432	17,498	2,469
Total liabilities	$ 2,583	$ 17,757	$ 17,838	$ 2,502

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
  Year Ended June 30, 2011 (Schedule 1)
  Year Ended June 30, 2010 (Schedule 2)
  Notes to Schedules of Expenditures of Federal Awards
  Schedule of Appropriations, Expenditures and Lapsed Balances
  Fiscal Year 2011 (Schedule 3)
  Fiscal Year 2010 (Schedule 4)
  Comparative Schedule of Expenditures by Major Object Code (Schedule 5)
  Comparative Schedule of Expenditures by Facility (Unaudited) (Schedule 6)
  Schedule of Changes in State Property (Schedule 7)
  Comparative Schedule of Cash Receipts (Schedule 8)
  Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller (Schedule 9)

- Notes on Financial Related Data:

  Introduction
  Analysis of Significant Variations in Expenditures
  Analysis of Significant Variations in Receipts
  Analysis of Significant Lapse Period Spending
  Analysis of Changes in State Property
  Analysis of Accounts Receivable
  Schedule of Indirect Cost Reimbursements

- Analysis of Operations:

  Department Functions and Planning Program
  Schedule of Number of Employees
  Analysis of Employee Overtime
  Emergency Purchases
  Year Ended June 30, 2011
  Year Ended June 30, 2010
  Memorandums of Understanding (Unaudited)
  Annual Cost Statistics (Unaudited)
  Facility/School Statistics (Unaudited)
  Service Efforts and Accomplishments (Unaudited)

The accountants' 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 HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2011
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Agriculture			
Direct Programs:			
Supplemental Nutrition Assistance Program	10.551	$ 2,958,508	$ -
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	225,936	213,841
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	127,253	12,386
ARRA: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	2,120	178
Commodity Supplemental Food Program	10.565	3,959	3,958
Emergency Food Assistance Program (Administrative Costs)	10.568	2,669	2,139
ARRA: Emergency Food Assistance Program (Administrative Costs)	10.568	1,497	1,490
Emergency Food Assistance Program (Food Commodities)	10.569	19,804	19,804
WIC Farmers' Market Nutrition Program (FMNP)	10.572	316	35
Senior Farmers Market Nutrition Program	10.576	781	11
ARRA: WIC Grants to States (WGS)	10.578	230	-
Passed Through the Illinois State Board of Education:			
School Breakfast Program	10.553	111	-
National School Lunch Program	10.555	189	-
ARRA: Child Nutrition Discretionary Grants Limited Availability	10.579	1	-
Fresh Fruit and Vegetable Program	10.582	8	-
Total U.S. Department of Agriculture		$ 3,343,382	$ 253,842
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	$ 35	$ -
Total U.S. Department of Housing and Urban Development		$ 35	$ -
U.S. Department of Justice			
Direct Programs:			
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	$ 47	$ -
Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	584	580
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	1,004	1,180
Title V - Delinquency Prevention Program	16.548	122	122
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	75	-
Enforcing Underage Drinking Laws Program	16.727	495	416
Second Chance Act Prisoner Reentry Initiative	16.812	84	83
Passed Through the Illinois Criminal Justice Information Authority:			
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	3,184	-
Total U.S. Department of Justice		$ 5,595	$ 2,381

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2011
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Education			
Direct Programs:			
Special Education - Grants to States	84.027	$ 53	$ -
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	86,484	11,651
Rehabilitation Services - Service Projects	84.128	184	184
Rehabilitation Services - Client Assistance Program	84.161	2	-
Independent Living - State Grants	84.169	671	670
Special Education - Preschool Grants	84.173	36	-
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	1,261	1,067
Special Education-Grants for Infants and Families	84.181	17,528	6,624
Safe and Drug-Free Schools and Communities - State Grants	84.186	882	881
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	700	700
Assistive Technology	84.224	583	583
Tech-Prep Education	84.243	181	-
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	85	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,356	1,278
ARRA: Rehabilitation Services-Vocational Rehabilitation Grants to States	84.390	7,586	7,012
ARRA: Independent Living State Grants	84.398	287	287
ARRA: Independent Living Services for Older Individuals Who are Blind	84.399	785	555
Passed Through the Illinois State Board of Education:			
Special Education - Grants to States	84.027	120	-
Special Education - Preschool Grants	84.173	54	-
English Language Acquisition Grants	84.365	40	-
Total U.S. Department of Education		$ 118,878	$ 31,492
U.S. Department of Health and Human Services			
Direct Programs:			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	$ 3,203	$ 3,203
Maternal and Child Health Federal Consolidated Programs	93.110	355	354
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2,947	2,946
Family Planning - Services	93.217	8,309	7,210
Consolidated Knowledge Development and Application Program	93.230	6	-
Traumatic Brain Injury State Demonstration Grant Program	93.234	4	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	5,873	5,425
Substance Abuse and Mental Health Services-Access to Recovery	93.275	2,538	66
Centers for Disease Control and Prevention - Investigation and Technical Assistance	93.283	24	-
Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Program	93.505	188	-
Temporary Assistance for Needy Families	93.558	492,499	176,138

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2011
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Health and Human Services - Continued			
Refugee and Entrant Assistance - State Administered Programs	93.566	$ 6,714	$ 4,529
Child Care and Development Block Grant	93.575	76,330	76,330
Refugee and Entrant Assistance - Discretionary Grants	93.576	1,358	1,172
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	969	969
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	125,768	122,348
Services to Victims of a Severe Form of Trafficking	93.598	18	-
Head Start	93.600	3,149	2,688
Assets for Independence Demonstration Program	93.602	310	-
Mentoring Children of Prisoners	93.616	170	-
Social Services Block Grant	93.667	99,130	44,487
Child Abuse and Neglect Discretionary Activities	93.670	377	-
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	2,719	2,562
ARRA: Head Start	93.708	393	214
ARRA: Child Care and Development Block Grant	93.713	49,822	4,881
ARRA: Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	163,255	177,464
Children's Health Insurance Program	93.767	4,196	-
ARRA: Children's Health Insurance Program	93.767	65	-
Medical Assistance Program	93.778	122,664	-
ARRA: Medical Assistance Program	93.778	30,741	-
Healthy Start Initiative	93.926	1,761	1,635
Block Grants for Community Mental Health Services	93.958	15,992	15,127
Block Grants for Prevention and Treatment of Substance Abuse	93.959	78,204	74,375
National All Schedules Prescription Electronic Reporting Grant	93.975	122	-
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	(11)	-
Maternal and Child Health Services Block Grant to the States	93.994	18,117	13,800
Adolescent Family Life - Demonstration Projects	93.995	42	41
Passed Through the Illinois Department of Healthcare and Family Services:			
Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	93.768	116	-
Total U.S. Department of Health and Human Services		$ 1,318,437	$ 737,964

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2011
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
Corporation for National and Community Service			
Direct Programs:			
State Commissions	94.003	$ 361	$ 98
AmeriCorps	94.006	8,574	8,408
ARRA: AmeriCorps	94.006	326	326
Program Development and Innovation Grants	94.007	70	70
Training and Technical Assistance	94.009	114	112
Total Corporation for National and Community Service		$ 9,445	$ 9,014
Social Security Administration			
Direct Programs:			
Social Security - Disability Insurance	96.001	$ 81,198	$ -
Social Security - Work Incentives Planning and Assistance Program	96.008	252	252
Total Social Security Administration		$ 81,450	$ 252
Total Expenditures of Federal Awards		$ 4,877,222	$ 1,034,945

(Concluded)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2010
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Agriculture			
Direct Programs:			
Supplemental Nutrition Assistance Program	10.551	$ 2,688,293	$ -
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	218,610	206,537
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	117,541	13,315
ARRA: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	9,958	569
Commodity Supplemental Food Program	10.565	3,773	3,773
Emergency Food Assistance Program (Administrative Costs)	10.568	2,822	2,421
ARRA: Emergency Food Assistance Program (Administrative Costs)	10.568	1,461	1,449
Emergency Food Assistance Program (Food Commodities)	10.569	22,991	22,991
ARRA: Emergency Food Assistance Program (Food Commodities)	10.569	1,877	1,877
WIC Farmers' Market Nutrition Program (FMNP)	10.572	328	33
Senior Farmers' Market Nutrition Program	10.576	659	-
ARRA: WIC Grants to States (WGS)	10.578	129	-
Passed Through the Illinois State Board of Education:			
School Breakfast Program	10.553	107	-
National School Lunch Program	10.555	178	-
ARRA: Child Nutrition Discretionary Grants Limited Availability	10.579	5	-
Fresh Fruit and Vegetable Program	10.582	(4)	-
Total U.S. Department of Agriculture		$ 3,068,728	$ 252,965
U.S. Department of Housing and Urban Development			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218	$ 498	$ -
Total U.S. Department of Housing and Urban Development		$ 498	$ -
U.S. Department of Justice			
Direct Programs:			
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	$ 237	$ -
Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	351	350
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	1,451	1,165
Title V - Delinquency Prevention Program	16.548	47	45
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	378	-
Enforcing Underage Drinking Laws Program	16.727	450	487

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

Schedule of Expenditures of Federal Awards

For the State Fiscal Year Ended June 30, 2010
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Justice - Continued			
Passed Through the Illinois Criminal Justice Information Authority:			
Juvenile Accountability Block Grants	16.523	$ 26	$ -
Edward Byrne Memorial Justice Assistance Grant Program	16.738	37	-
ARRA: Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	46	-
Total U.S. Department of Justice		$ 3,023	$ 2,047
U.S. Department of Education			
Direct Programs:			
Special Education - Grants to States	84.027	$ 54	$ -
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	93,374	18,420
Rehabilitation Services - Service Projects	84.128	143	143
Rehabilitation Services - Client Assistance Program	84.161	545	-
Independent Living - State Grants	84.169	766	766
Special Education - Preschool Grants	84.173	36	-
Rehabilitation Services - Independent Living Services for Older Individuals Who Are Blind	84.177	1,204	1,084
Special Education - Grants for Infants and Families	84.181	17,652	4,812
Safe and Drug-Free Schools and Communities - State Grants	84.186	2,214	2,214
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	1,160	1,160
Assistive Technology	84.224	580	580
Tech-Prep Education	84.243	193	-
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	122	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,526	1,498
ARRA: Rehabilitation Services - Vocational Rehabilitation Grants to States	84.390	859	856
ARRA: Special Education - Grants for Infants and Families	84.393	10,630	20
ARRA: Independent Living - State Grants	84.398	204	203
ARRA: Independent Living Services for Older Individuals Who Are Blind	84.399	452	425
Passed Through the Illinois State Board of Education:			
Special Education - Grants to States	84.027	219	-
Special Education - Preschool Grants	84.173	48	-
Safe and Drug-Free Schools and Communities - State Grants	84.186	1	-
English Language Acquisition Grants	84.365	53	-
Improving Teacher Quality State Grants	84.367	5	-
Total U.S. Department of Education		$ 132,040	$ 32,181

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2010
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Health and Human Services			
Direct Programs:			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	$ 2,888	$ 2,888
Maternal and Child Health Federal Consolidated Programs	93.110	234	200
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2,708	2,699
Telehealth Programs	93.211	40	-
Family Planning - Services	93.217	8,524	6,714
Consolidated Knowledge Development and Application (KD&A) Program	93.230	(1)	-
Traumatic Brain Injury State Demonstration Grant Program	93.234	82	-
Abstinence Education Program	93.235	379	321
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	6,541	6,310
Substance Abuse and Mental Health Services - Access to Recovery	93.275	6,344	6,029
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	392	-
Temporary Assistance for Needy Families	93.558	488,320	188,869
Refugee and Entrant Assistance - State Administered Programs	93.566	11,971	4,682
Child Care and Development Block Grant	93.575	79,146	76,073
Refugee and Entrant Assistance - Discretionary Grants	93.576	1,019	1,019
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	1,051	1,051
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	130,108	82,284
Services to Victims of a Severe Form of Trafficking	93.598	191	-
Head Start	93.600	3,218	2,620
Assets for Independence Demonstration Program	93.602	64	-
Mentoring Children of Prisoners	93.616	49	-
Social Services Block Grant	93.667	106,913	32,079
Child Abuse and Neglect Discretionary Activities	93.670	368	-
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	3,324	3,172
ARRA: Head Start	93.708	93	93
ARRA: Child Care and Development Block Grant	93.713	23,557	23,035
ARRA: Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	16,465	13,884
Children's Health Insurance Program	93.767	4,130	-
Medical Assistance Program	93.778	164,749	-
ARRA: Medical Assistance Program	93.778	40,687	14,652
Healthy Start Initiative	93.926	1,548	1,402

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2010
(expressed in thousands)

	CFDA No.	Expenditures of Federal Awards	Sub-Grantee Awards
U.S. Department of Health and Human Services - Continued			
Direct Programs - Continued:			
Block Grants for Community Mental Health Services	93.958	$ 16,076	$ 15,269
Block Grants for Prevention and Treatment of Substance Abuse	93.959	65,315	61,059
National All Schedules Prescription Electronic Reporting Grant	93.975	26	-
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	214	-
Maternal and Child Health Services Block Grant to the States	93.994	17,304	13,499
Adolescent Family Life - Demonstration Projects	93.995	345	338
Total U.S. Department of Health and Human Services		$ 1,204,382	$ 560,241
Corporation for National and Community Service			
Direct Programs:			
State Commissions	94.003	$ 369	$ 68
AmeriCorps	94.006	6,197	6,094
ARRA: AmeriCorps	94.006	2,360	2,217
Program Development and Innovation Grants	94.007	68	67
Training and Technical Assistance	94.009	120	-
Total Corporation for National and Community Service		$ 9,114	$ 8,446
Social Security Administration			
Direct Programs:			
Social Security - Disability Insurance	96.001	$ 78,512	$ -
Social Security - Work Incentives Planning and Assistance Program	96.008	382	160
Total Social Security Administration		$ 78,894	$ 160
Total Expenditures of Federal Awards		$ 4,496,679	$ 856,040

(Concluded)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

For the Years Ended June 30, 2011 and 2010

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards present the federal award programs administered by the Illinois Department of Human Services. The reporting entity for the Illinois Department of Human Services ("Department") is defined in Note 2 of the notes to the Department's financial statements. These schedules include the expenditures of federal awards received directly from federal agencies or passed through other State or local agencies.

These schedules were prepared for State compliance purposes only. A separate single audit of the Department was not conducted. However, a separate single audit of the entire State of Illinois (which includes the Department) was performed and released under separate cover.

2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards are presented on the cash basis of accounting. These schedules have been reconciled to the Department's financial statements for the years ended June 30, 2011 and 2010.

Expenditures for the Supplemental Nutrition Assistance Program (CFDA No. 10.551) represent the value of cash assistance made available to eligible recipients in lieu of food stamp coupons (expressed in thousands) of $2,958,508 and $2,688,293 during the years ended June 30, 2011 and 2010, respectively.

Expenditures for the Special Supplemental Nutrition Program for Women, Infants and Children (CFDA No. 10.557) have been reduced by the amount of infant formula rebates received in the amounts (expressed in thousands) of $84,119 and $61,119 during the years ended June 30, 2011 and 2010, respectively.

Expenditures for the Commodity Supplemental Food Program (CFDA No. 10.565) represent the value of donated food commodities received from the U.S. Department of Agriculture (USDA) in the amounts (expressed in thousands) of $3,959 and $3,773 during the years ended June 30, 2011 and 2010, respectively. Expenditures for the Emergency Food Assistance Program (CFDA No. 10.569) represent the value of donated food commodities received from the USDA in the amounts (expressed in thousands) of $19,804 and $24,868 during the years ended June 30, 2011 and 2010, respectively.

2. BASIS OF ACCOUNTING - Continued

All food commodities were valued based on USDA price lists.

The "negative expenditure" amounts reported for the federal award programs noted below represent the over-reporting in the preceding fiscal year(s) of expenditures (expressed in thousands) paid by the Department in the administration of these programs:

	2011	2010
Fresh Fruit and Vegetable Program (10.582)	$ -	$ 4
Consolidated Knowledge Development and Application (KD & A) Program (93.230)	-	1
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems (93.988)	11	-
Totals	$ 11	$ 5

The Temporary Assistance for Needy Families (TANF) (CFDA No. 93.558) program allows for the transfer of a portion of the grant award for use in other federal award programs administered by the Department. Transfers made in accordance with TANF program grant provisions were made to the Social Services Block Grant (CFDA No. 93.667) in the amounts (expressed in thousands) of $14,734 and $27,937 during the years ended June 30, 2011 and 2010, respectively.

3. ALLOCATION OF ADMINISTRATIVE COSTS

The methodologies employed by the Illinois Department of Human Services for allocation of administrative costs are outlined in the Public Assistance Cost Allocation Plan (PACAP) as approved by the U.S. Department of Health and Human Services (DHHS), Division of Cost Allocation. The Department, as a public assistance agency, prepares and maintains a PACAP to allocate administrative costs to federal award programs in accordance with OMB Circular A-87, Attachment D. The PACAP, which is narrative in nature and follows the organization of the Department, describes allocation methodologies for all administrative costs, both direct and indirect, and is amended, as necessary, (e.g. due to organizational changes) on an ongoing basis. The PACAP process allocates all direct and indirect administrative costs of the Department to both state and federal award programs based on the relative administrative benefits received by each on a quarterly basis.

Indirect costs of the Department are treated in greater detail in the annual Departmental Indirect Cost Allocation Plan (DICAP). Indirect costs treated in the DICAP include costs incurred by the Department's central administrative offices or divisions as well as statewide costs allocable to the Department under the Statewide Cost Allocation Plan (SWCAP).

3. ALLOCATION OF ADMINISTRATIVE COSTS – Continued

A DICAP is prepared for each State fiscal year and is the initial allocation of indirect costs of the Department's program divisions. Subsequent allocation of indirect costs to the grant award or funding source level is done on a quarterly basis in accordance with the PACAP along with the allocable administrative costs incurred by program activities.

The implementation of both cost allocation plans assures that indirect cost recoveries for all federal award programs administered by the Department are maximized.

The process for indirect cost recovery is as described above for all Department federal award programs except the Rehabilitation Services – Vocational Rehabilitation Grants to States (CFDA No. 84.126) and the Social Security – Disability Insurance programs (CFDA No. 96.001). The costs compiled in the DICAP attributable to these two program areas are converted to an indirect cost rate and applied to the applicable direct personal services cost pool to derive the indirect costs for these two program areas. The federal grantor agencies responsible for these two program areas of the Department have required indirect cost rates rather than the allocation of indirect costs using the above-described process.

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS

The following is a brief description of the major programs administered by the Department and included in the Schedule of Expenditures of Federal Awards:

A. U.S. Department of Agriculture

The Department accounted for revenues and expenditures incurred in the administration of all major U.S. Department of Agriculture (USDA) awards in various funds under its control.

1. Supplemental Nutrition Assistance Program (CFDA No. 10.551)

The objective of this program is to improve the health of low-income households by increasing their food purchasing ability. The program was formerly known as the Food Stamp Program.

This program received additional funding through the American Recovery and Reinvestment Act of 2009; however, this expenditure component cannot be readily determined (see note 5A).

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

A. U.S. Department of Agriculture – Continued

2. Special Supplemental Nutrition Program for Women, Infants and Children (CFDA No. 10.557)

The objective of this program is to provide low-income pregnant, breastfeeding and postpartum women, infants, and children to age five determined to be at nutritional risk, at no cost, supplemental nutritious foods, nutrition education, and referrals to health and social services.

3. State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561)

The objective of this program is to provide aid to State agencies for costs incurred to operate the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program.

This program received additional funding through the American Recovery and Reinvestment Act of 2009 (see note 5B).

B. U.S. Department of Education

The Department accounted for revenues and expenditures incurred in the administration of all major U.S. Department of Education (USDE) awards in various funds under its control.

1. Rehabilitation Services – Vocational Rehabilitation Grants to States (CFDA No. 84.126)

The objective of this program is to assist States in operating comprehensive, coordinated, effective, efficient and accountable programs of vocational rehabilitation; to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, and capabilities so they may prepare for and engage in competitive employment.

The Department received additional funding through the American Recovery and Reinvestment Act of 2009 (see note 5B) under the program titled Rehabilitation Services – Vocational Rehabilitation Grants to States (CFDA No. 84.390).

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

C. U.S. Department of Health and Human Services

The Department accounted for revenues and expenditures incurred in the administration of major U.S. Department of Health and Human Services (DHHS) awards in various funds under its control.

1. Temporary Assistance for Needy Families (CFDA No. 93.558)

The objectives of this program are to provide grants to States, Territories, the District of Columbia and federally recognized Indian Tribes operating their own Tribal TANF programs to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.

The Department received additional funding through the American Recovery and Reinvestment Act of 2009 (see note 5B) under the program titled Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program (CFDA No. 93.714).

2. Child Care Cluster: Child Care and Development Block Grant (CFDA No. 93.575); and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA No. 93.596)

The objectives of these programs are to make grants to States, Territories, Tribes, and tribal organizations for child care assistance for low-income families and to: (1) allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State; (2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) encourage States to provide consumer education information to help parents make informed choices about child care; (4) assist States to provide child care to parents trying to achieve independence from public assistance; and (5) assist States in implementing the health, safety, licensing, and registration standards established in State regulations.

The Department received additional funding through the American Recovery and Reinvestment Act of 2009 (see note 5B) under the program titled Child Care and Development Block Grant (CFDA No. 93.713).

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

C. U.S. Department of Health and Human Services – Continued

3. Social Services Block Grant (CFDA No. 93.667)

The objectives of this program are to enable each State to furnish social services best suited to the needs of the individuals residing in the State. Federal block grant funds may be used to provide services directed toward one of the following five goals specified in the law: (1) to prevent, reduce, or eliminate dependency; (2) to achieve or maintain self-sufficiency; (3) to prevent neglect, abuse, or exploitation of children and adults; (4) to prevent or reduce inappropriate institutional care; and (5) to secure admission or referral for institutional care when other forms of care are not appropriate. In addition, special funding was provided to some states in [federal] fiscal years 1995 and 1996 for supplemental grants in support of comprehensive community revitalization projects in 104 federally designated Empowerment Zones and Enterprise Communities. The States, through the designated localities, may use these funds for activities included in each locality's strategic plan for comprehensive revitalization and directed toward goals 1, 2 or 3 above.

4. Medical Assistance Program (CFDA No. 93.778)

The objectives of this program are to provide financial assistance to States for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and the aged who meet income and resource requirements, and other category-eligible groups.

This program received additional funding under the American Recovery and Reinvestment Act of 2009 (see note 5B).

5. Block Grants for Prevention and Treatment of Substance Abuse (CFDA No. 93.959)

The objective of this program is to provide financial assistance to States and Territories to support projects for the development and implementation of prevention, treatment, and rehabilitation activities directed to diseases of alcohol and drug abuse.

D. Social Security Administration

The Social Security Administration administers a national program of contributory social insurance. Employees, employers, and the self-employed pay contributions, which are pooled in special trust funds. When earnings cease or are reduced because the worker retires, dies, or becomes disabled, monthly cash benefits are paid to replace part of the earnings the family has lost.

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

   D. Social Security Administration – Continued

      1. Disability Insurance/SSI Cluster: Social Security – Disability Insurance (CFDA No. 96.001)

         The objective of this program is to replace part of the earnings lost because of a physical or mental impairment, or a combination of impairments, severe enough to prevent a person from working.

5. AMERICAN RECOVERY AND REINVESTMENT ACT

   During the year ended June 30, 2008, the federal government enacted the American Recovery and Reinvestment Act of 2009 (Recovery Act) in response to various economic events and conditions to provide additional resources for existing or newly created federal award programs. These programs have been presented separate and apart from the existing programs on the face of the accompanying Schedule of Expenditures of Federal Awards (SEFA) for the Department.

   A. Supplemental Nutrition Assistance Program (SNAP)

      The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under Section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating household's income, deductions and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, the Department cannot validly disaggregate the regular and Recovery Act components of reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 16.55 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2011.

5. AMERICAN RECOVERY AND REINVESTMENT ACT - Continued

B. The following information highlights expenditure amounts (expressed in thousands) made by the Department for federal program awards under the Recovery Act during the years ended June 30, as follows:

	CFDA No.	2011	2010
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	$ 2,120	$ 9,958
Emergency Food Assistance Program (Administrative Costs)	10.568	1,497	1,461
Emergency Food Assistance Program (Food Commodities)	10.569	-	1,877
WIC Grants to States (WGS)	10.578	230	129
Child Nutrition Discretionary Grants Limited Availability	10.579	1	5
Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States and Territories	16.803	3,184	46
Rehabilitation Services – Vocational Rehabilitation Grants to States	84.390	7,586	859
Special Education – Grants for Infants and Families	84.393	-	10,630
Independent Living States Grants	84.398	287	204
Independent Living Services for Older Individuals Who are Blind	84.399	785	452
Head Start	93.708	393	93
Child Care and Development Block Grant	93.713	49,822	23,557
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	163,255	16,465
Children's Health Insurance Program (CHIP)	93.767	65	-
Medical Assistance Program	93.778	30,741	40,687
AmeriCorps	94.006	326	2,360
Totals		$260,292	$108,783

The Department may have received federal program awards under ARRA for programs in addition to those listed above. These additional federal program awards under ARRA will be presented in the Department's SEFA as reportable expenditures occur.

STATE OF ILLINOIS
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APPROPRIATIONS FOR FISCAL YEAR 2011
EIGHTEEN MONTHS ENDED DECEMEBER 31, 2011
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
PUBLIC ACTS 96-0956 and 96-0957					
Appropriated Funds					
General Revenue Fund - 0001:					
DHS/Excess Assistance	$ 2,543,276	$ 2,359,071	$ 177,348	$ 2,536,419	$ 6,857
Governor's Discretionary Appropriation	1,358,181	1,283,428	74,458	1,357,886	295
Total General Revenue Fund	$ 3,901,457	$ 3,642,499	$ 251,806	$ 3,894,305	$ 7,152
Prevention and Treatment of Alcohol and Substance Abuse Block Grant Fund - 0013:					
Administrative and Program Support	$ 220	$ -	$ -	$ -	$ 220
Addiction Prevention	16,000	11,345	1,429	12,774	3,226
Addiction Treatment	63,374	47,404	7,111	54,515	8,859
Total Prevention and Treatment of Alcohol and Substance Abuse Block Grant Fund	$ 79,594	$ 58,749	$ 8,540	$ 67,289	$ 12,305
Group Home Loan Revolving Fund - 0025:					
Addiction Treatment	$ 25	$ -	$ -	$ -	$ 25
Total Group Home Loan Revolving Fund	$ 25	$ -	$ -	$ -	$ 25
Illinois Veterans' Rehabilitation Fund - 0036:					
Rehabilitation Service Bureaus	$ 4,869	$ 4,451	$ 74	$ 4,525	$ 344
Total Illinois Veterans' Rehabilitation Fund	$ 4,869	$ 4,451	$ 74	$ 4,525	$ 344
Mental Health Fund - 0050:					
Administrative and Program Support	$ 3,100	$ 2	$ -	$ 2	$ 3,098
Management Information Service	5,278	2,129	47	2,176	3,102
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,966	-	9,966	-
Disability/Behavioral Health Program Administration	19,419	14,270	1,356	15,626	3,793
Total Mental Health Fund	$ 37,763	$ 26,367	$ 1,403	$ 27,770	$ 9,993

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Vocational Rehabilitation Fund - 0081:					
Administrative and Program Support	$ 17,182	$ 13,442	$ 765	$ 14,207	$ 2,975
Management Information Service	10,247	3,831	290	4,121	6,126
Rehabilitation Service Bureaus	136,460	77,636	8,476	86,112	50,348
Client Assistance Project	1,089	539	23	562	527
DHS Administration	1,332	1,077	40	1,117	215
School for the Deaf	50	48	-	48	2
School for the Visually Impaired	43	31	1	32	11
Rehabilitation and Education Center	60	29	6	35	25
Federal Stimulus - ARRA	22,100	7,320	4,222	11,542	10,558
Total Vocational Rehabilitation Fund	$ 188,563	$ 103,953	$ 13,823	$ 117,776	$ 70,787
Assistance to the Homeless Fund - 0100:					
Employment and Social Service Program	$ 300	$ 220	$ -	$ 220	$ 80
Total Assistance to the Homeless Fund	$ 300	$ 220	$ -	$ 220	$ 80
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:					
Addiction Prevention	$ 1,200	$ 1,027	$ 78	$ 1,105	$ 95
Total Youth Alcoholism and Substance Abuse Prevention Fund	$ 1,200	$ 1,027	$ 78	$ 1,105	$ 95
State Gaming Fund - 0129:					
Addiction Treatment	$ 960	$ 493	$ 246	$ 739	$ 221
Total State Gaming Fund	$ 960	$ 493	$ 246	$ 739	$ 221
Community DD Services Medicaid Trust Fund - 0142:					
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 35,000	$ 27,014	$ 1,645	$ 28,659	$ 6,341
Total Community DD Services Medicaid Trust Fund	$ 35,000	$ 27,014	$ 1,645	$ 28,659	$ 6,341

(Continued)

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Schedule 3

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2011
EIGHTEEN MONTHS ENDED DECEMEBER 31, 2011
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Autism Research Check-off Fund - 0228					
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ -	$ -	$ -	$ 100
Total Autism Research Check-off Fund	$ 100	$ -	$ -	$ -	$ 100
Drunk and Drugged Driving Prevention Fund - 0276:					
Addiction Treatment	$ 3,083	$ 1,662	$ 283	$ 1,945	$ 1,138
Total Drunk and Drugged Driving Prevention Fund	$ 3,083	$ 1,662	$ 283	$ 1,945	$ 1,138
Federal National Community Services Grant Fund - 0343					
Administrative and Program Support	$ 38	$ 13	$ 1	$ 14	$ 24
Community Health	12,970	7,715	1,027	8,742	4,228
Federal Stimulus - ARRA	6,000	216	-	216	5,784
Total Federal National Community Services Grant Fund	$ 19,008	$ 7,944	$ 1,028	$ 8,972	$ 10,036
Care Provider for Persons with Developmental Disabilities Fund - 0344:					
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 50,000	$ 39,028	$ -	$ 39,028	$ 10,972
Total Care Provider for Persons with Developmental Disabilities Fund	$ 50,000	$ 39,028	$ -	$ 39,028	$ 10,972
Employment and Training Fund - 0347:					
Employment and Social Service Program	$ 105,954	$ 56,105	$ 48,498	$ 104,603	$ 1,351
Federal Stimulus - ARRA	293,000	160,428	(86)	160,342	132,658
Total Employment and Training Fund	$ 398,954	$ 216,533	$ 48,412	$ 264,945	$ 134,009
Health and Human Services Medicaid Trust Fund - 0365:					
Mental Health Grants-in-aid and Purchase of Care	$ 26,565	$ 15,056	$ 4,495	$ 19,551	$ 7,014
Developmental Disabilities Grants-in-aid and Purchase of Care	39,450	32,894	1,220	34,114	5,336
Employment and Social Service Program	3,383	3,383	-	3,383	-
Total Health and Human Services Medicaid Trust Fund	$ 69,398	$ 51,333	$ 5,715	$ 57,048	$ 12,350

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
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EIGHTEEN MONTHS ENDED DECEMEBER 31, 2011
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Drug Treatment Fund - 0368:					
Administrative and Program Support	$ 5	$ -	$ -	$ -	$ 5
Addiction Treatment	5,000	3,054	18	3,072	1,928
Total Drug Treatment Fund	$ 5,005	$ 3,054	$ 18	$ 3,072	$ 1,933
Sexual Assault Services Fund - 0389:					
Community Health	$ 100	$ -	$ 25	$ 25	$ 75
Total Sexual Assault Services Fund	$ 100	$ -	$ 25	$ 25	$ 75
Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394:					
Community Youth Services	$ 3,500	$ 1,583	$ 125	$ 1,708	$ 1,792
Total Gaining Early Awareness and Readiness for Undergraduate Programs Fund	$ 3,500	$ 1,583	$ 125	$ 1,708	$ 1,792
DHS Special Purposes Trust Fund - 0408:					
Administrative and Program Support	$ 575	$ 477	$ 43	$ 520	$ 55
Disability Determination Services Bureau	717	492	19	511	206
Employment and Social Service Program	217,452	160,022	21,285	181,307	36,145
Community Health	10,676	7,402	787	8,189	2,487
Community Youth Services	3,702	2,568	1,030	3,598	104
Federal Stimulus - ARRA	97,768	42,870	141	43,011	54,757
Total DHS Special Purposes Trust Fund	$ 330,890	$ 213,831	$ 23,305	$ 237,136	$ 93,754
Old Age Survivors Insurance Fund - 0495:					
Administrative and Program Support	$ 2,879	$ 2,330	$ 211	$ 2,541	$ 338
Disability Determination Services Bureau	89,650	72,166	2,233	74,399	15,251
Total Old Age Survivors Insurance Fund	$ 92,529	$ 74,496	$ 2,444	$ 76,940	$ 15,589

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Early Intervention Services Revolving Fund - 0502:					
Administrative and Program Support	$ 412	$ 221	$ 17	$ 238	$ 174
Community Youth Services	160,000	118,377	19,942	138,319	21,681
Federal Stimulus - ARRA	10,000	-	-	-	10,000
Total Early Intervention Services Revolving Fund	$ 170,412	$ 118,598	$ 19,959	$ 138,557	$ 31,855
Domestic Violence Abuser Services Fund - 0528:					
Community Health	$ 100	$ 4	$ 3	$ 7	$ 93
Total Domestic Violence Abuser Services Fund	$ 100	$ 4	$ 3	$ 7	$ 93
DHS Federal Projects Fund - 0592:					
Administrative and Program Support	$ 55,273	$ 340	$ -	$ 340	$ 54,933
Mental Health Grants-in-aid and Purchase of Care	16,000	7,143	196	7,339	8,661
Disability/Behavioral Health Program Administration	5,949	287	28	315	5,634
Community Health	22,965	10,095	907	11,002	11,963
Total DHS Federal Projects Fund	$ 100,187	$ 17,865	$ 1,131	$ 18,996	$ 81,191
DHS State Projects Fund - 0642:					
Administrative and Program Support	$ 1,000	$ -	$ -	$ -	$ 1,000
Rehabilitation Service Bureaus	3,000	-	-	-	3,000
Community Health	2,729	379	-	379	2,350
Total DHS State Projects Fund	$ 6,729	$ 379	$ -	$ 379	$ 6,350
Alcoholism and Substance Abuse Fund - 0646:					
Addiction Prevention	$ 8,309	$ 1,586	$ 120	$ 1,706	$ 6,603
Addiction Treatment	22,103	3,607	443	4,050	18,053
Total Alcoholism and Substance Abuse Fund	$ 30,412	$ 5,193	$ 563	$ 5,756	$ 24,656

(Continued)

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STATE OF ILLINOIS
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EIGHTEEN MONTHS ENDED DECEMEBER 31, 2011
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
DHS Private Resources Fund - 0690:					
Administrative and Program Support	$ 250	$ 85	$ 1	$ 86	$ 164
Total DHS Private Resources Fund	$ 250	$ 85	$ 1	$ 86	$ 164
U.S.D.A. Women, Infants and Children Fund - 0700:					
Administrative and Program Support	$ 600	$ 228	$ 15	$ 243	$ 357
Management Information Service	1,285	383	8	391	894
Community Health	323,131	281,961	15,247	297,208	25,923
Federal Stimulus - ARRA	25,000	211	10	221	24,779
Total U.S.D.A. Women, Infants and Children Fund	$ 350,016	$ 282,783	$ 15,280	$ 298,063	$ 51,953
Hunger Relief Fund - 0706:					
Employment and Social Service Program	$ 300	$ -	$ -	$ -	$ 300
Total Hunger Relief Fund	$ 300	$ -	$ -	$ -	$ 300
Community Mental Health Medicaid Trust Fund - 0718:					
Mental Health Grants-in-aid and Purchase of Care	$ 115,690	$ 72,629	$ 2,061	$ 74,690	$ 41,000
Total Community Mental Health Medicaid Trust Fund	$ 115,690	$ 72,629	$ 2,061	$ 74,690	$ 41,000
Tobacco Settlement Recovery Fund - 0733:					
Community Health	$ 2,369	$ 2,254	$ 113	$ 2,367	$ 2
Total Tobacco Settlement Recovery Fund	$ 2,369	$ 2,254	$ 113	$ 2,367	$ 2
Local Initiative Fund - 0762:					
Administrative and Program Support	$ 125	$ 97	$ 9	$ 106	$ 19
Employment and Social Service Program	22,326	16,031	2,829	18,860	3,466
Total Local Initiative Fund	$ 22,451	$ 16,128	$ 2,838	$ 18,966	$ 3,485

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Crisis Nursery Fund - 0777					
Employment and Social Service Program	$ 100	$ 38	$ 5	$ 43	$ 57
Total Crisis Nursery Fund	$ 100	$ 38	$ 5	$ 43	$ 57
Healthcare Provider Relief Fund - 0793:					
Administrative and Program Support	$ 300,000	$ 260,670	$ 32	$ 260,702	$ 39,298
Total Healthcare Provider Relief Fund	$ 300,000	$ 260,670	$ 32	$ 260,702	$ 39,298
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:					
DHS Administration	$ 1,350	$ 457	$ 164	$ 621	$ 729
Total Rehabilitation Services Elementary and Secondary Education Act Fund	$ 1,350	$ 457	$ 164	$ 621	$ 729
Domestic Violence Shelter and Service Fund - 0865:					
Administrative and Program Support	$ 64	$ 11	$ 1	$ 12	$ 52
Community Health	952	499	55	554	398
Total Domestic Violence Shelter and Service Fund	$ 1,016	$ 510	$ 56	$ 566	$ 450
Maternal and Child Health Services Block Grant Fund - 0872:					
Administrative and Program Support	$ 87	$ 35	$ 2	$ 37	$ 50
Management Information Service	294	167	7	174	120
Community Health	27,986	14,367	1,715	16,082	11,904
Total Maternal and Child Health Services Block Grant Fund	$ 28,367	$ 14,569	$ 1,724	$ 16,293	$ 12,074
Preventive Health and Health Services Block Grant Fund - 0873:					
Community Health	$ 1,500	$ -	$ -	$ -	$ 1,500
Total Preventive Health and Health Services Block Grant Fund	$ 1,500	$ -	$ -	$ -	$ 1,500

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

Schedule 3

STATE OF ILLINOIS
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Community Mental Health Services Block Grant Fund - 0876:					
Administrative and Program Support	$ 71	$ 65	$ 6	$ 71	$ -
Mental Health Grants-in-aid and Purchase of Care	18,748	15,861	95	15,956	2,792
Total Community Mental Health Services Block Grant Fund	$ 18,819	$ 15,926	$ 101	$ 16,027	$ 2,792
Youth Drug Abuse Prevention Fund - 0910:					
Administrative and Program Support	$ 30	$ -	$ -	$ -	$ 30
Addiction Treatment	530	237	-	237	293
Total Youth Drug Abuse Prevention Fund	$ 560	$ 237	$ -	$ 237	$ 323
Juvenile Justice Trust Fund - 0911:					
Administrative and Program Support	$ 15	$ 11	$ -	$ 11	$ 4
Juvenile Justice Program	13,431	1,336	239	1,575	11,856
Total Juvenile Justice Trust Fund	$ 13,446	$ 1,347	$ 239	$ 1,586	$ 11,860
DHS Recoveries Trust Fund - 0921:					
Administrative and Program Support	$ 8,592	$ 6,352	$ 274	$ 6,626	$ 1,966
Total DHS Recoveries Trust Fund	$ 8,592	$ 6,352	$ 274	$ 6,626	$ 1,966
Build Illinois Bond Fund - 0971:					
Administrative and Program Support	$ 100	$ -	$ -	$ -	$ 100
Total Build Illinois Bond Fund	$ 100	$ -	$ -	$ -	$ 100
Total Appropriated Funds	$ 6,395,064	$ 5,290,261	$ 403,514	$ 5,693,775	$ 701,289

(Continued)

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STATE OF ILLINOIS
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Non-Appropriated Funds					
Hansen-Therkelsen Memorial Deaf Student College Fund - 0123					
Distributive Items		$ 2	$ -	$ 2	
Total Hansen-Therkelsen Memorial Deaf Student College Fund		$ 2	$ -	$ 2	
DHS Special Purposes Trust Fund - 0408:					
Employment and Social Service Program		$ 6,660	$ 1,477	$ 8,137	
Federal Stimulus - ARRA		276	101	377	
Total DHS Special Purposes Trust Fund		$ 6,936	$ 1,578	$ 8,514	
Electronic Benefits Transfers Fund - 0540:					
Distributive Items		$ 192,732	$ -	$ 192,732	
Total Electronic Benefits Transfers Fund		$ 192,732	$ -	$ 192,732	
DHS Federal Projects Fund - 0592:					
Administrative and Program Support		$ 171	$ 26	$ 197	
Addiction Prevention		1,680	442	2,122	
Community Health		323	15	338	
Total DHS Federal Projects Fund		$ 2,174	$ 483	$ 2,657	
DHS Private Resources Fund - 0690:					
Mental Health Grants-in-aid and Purchase of Care		$ 66	$ 11	$ 77	
Disability/Behavioral Health Program Administration		24	2	26	
Employment and Social Service Program		8	8	16	
Community Health		223	69	292	
Total DHS Private Resources Fund		$ 321	$ 90	$ 411	
DHS Recoveries Trust Fund - 0921:					
Distributive Items		$ 2,998	$ 1,668	$ 4,666	
Total DHS Recoveries Trust Fund		$ 2,998	$ 1,668	$ 4,666	
Total Non-Appropriated Funds		$ 205,163	$ 3,819	$ 208,982	
Total All Funds		$ 5,495,424	$ 407,333	$ 5,902,757	(Concluded)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
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EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
PUBLIC ACTS 96-0039, 96-0042, 96-0046, 96-0819 and 96-0890					
Appropriated Funds					
General Revenue Fund - 0001:					
Distributive Items	$ 11,973	$ 11,972	$ -	$ 11,972	$ 1
DHS/Excess Assistance	2,580,644	2,394,009	141,211	2,535,220	45,424
Employment and Social Service Program	469	436	-	436	33
Governor's Discretionary Appropriation	1,453,997	1,328,576	121,039	1,449,615	4,382
Total General Revenue Fund	$ 4,047,083	$ 3,734,993	$ 262,250	$ 3,997,243	$ 49,840
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:					
Administrative and Program Support	$ 219	$ 163	$ 32	$ 195	$ 24
Addiction Prevention	16,000	12,101	1,561	13,662	2,338
Addiction Treatment	62,920	38,150	17,861	56,011	6,909
Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	$ 79,139	$ 50,414	$ 19,454	$ 69,868	$ 9,271
Group Home Loan Revolving Fund - 0025:					
Addiction Treatment	$ 200	$ -	$ -	$ -	$ 200
Total Group Home Loan Revolving Fund	$ 200	$ -	$ -	$ -	$ 200
Illinois Veterans' Rehabilitation Fund - 0036:					
Rehabilitation Service Bureaus	$ 4,841	$ 4,484	$ 94	$ 4,578	$ 263
Total Illinois Veterans' Rehabilitation Fund	$ 4,841	$ 4,484	$ 94	$ 4,578	$ 263
Mental Health Fund - 0050:					
Administrative and Program Support	$ 3,100	$ 2	$ -	$ 2	$ 3,098
Management Information Service	2,097	2,029	45	2,074	23
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,965	1	9,966	-
Disability/Behavioral Health Program Administration	21,652	12,603	416	13,019	8,633
Total Mental Health Fund	$ 36,815	$ 24,599	$ 462	$ 25,061	$ 11,754

(Continued)

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STATE OF ILLINOIS
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EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Vocational Rehabilitation Fund - 0081:					
Administrative and Program Support	$ 16,884	$ 12,953	$ 1,265	$ 14,218	$ 2,666
Management Information Service	10,013	4,293	313	4,606	5,407
Rehabilitation Service Bureaus	133,005	81,477	3,303	84,780	48,225
Client Assistance Project	1,053	538	28	566	487
DHS Administration	1,305	1,008	45	1,053	252
School for the Deaf	50	47	-	47	3
School for the Visually Impaired	43	42	-	42	1
Rehabilitation and Education Center	60	34	2	36	24
Federal Stimulus - ARRA	22,100	1,693	1,621	3,314	18,786
Total Vocational Rehabilitation Fund	$ 184,513	$ 102,085	$ 6,577	$ 108,662	$ 75,851
Assistance to the Homeless Fund - 0100:					
Employment and Social Service Program	$ 300	$ 291	$ -	$ 291	$ 9
Total Assistance to the Homeless Fund	$ 300	$ 291	$ -	$ 291	$ 9
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:					
Addiction Prevention	$ 1,200	$ 47	$ 1,010	$ 1,057	$ 143
Total Youth Alcoholism and Substance Abuse Prevention Fund	$ 1,200	$ 47	$ 1,010	$ 1,057	$ 143
State Gaming Fund - 0129:					
Addiction Treatment	$ 960	$ 600	$ 238	$ 838	$ 122
Total State Gaming Fund	$ 960	$ 600	$ 238	$ 838	$ 122
Community DD Services Medicaid Trust Fund - 0142:					
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 35,000	$ 26,504	$ 4,213	$ 30,717	$ 4,283
Total Community DD Services Medicaid Trust Fund	$ 35,000	$ 26,504	$ 4,213	$ 30,717	$ 4,283

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

Schedule 4

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Diabetes Research Check-off Fund - 0198					
Community Health	$ 100	$ 100	$ -	$ 100	$ -
Total Diabetes Research Check-off Fund	$ 100	$ 100	$ -	$ 100	$ -
Autism Research Check-off Fund - 0228					
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ -	$ -	$ -	$ 100
Total Autism Research Check-off Fund	$ 100	$ -	$ -	$ -	$ 100
Drunk and Drugged Driving Prevention Fund - 0276:					
Addiction Treatment	$ 3,083	$ 1,592	$ 283	$ 1,875	$ 1,208
Total Drunk and Drugged Driving Prevention Fund	$ 3,083	$ 1,592	$ 283	$ 1,875	$ 1,208
Federal National Community Services Fund - 0343					
Administrative and Program Support	$ 38	$ 15	$ 5	$ 20	$ 18
Community Health	12,970	5,563	1,231	6,794	6,176
Federal Stimulus - ARRA	6,000	2,206	263	2,469	3,531
Total Federal National Community Services Fund	$ 19,008	$ 7,784	$ 1,499	$ 9,283	$ 9,725
Care Provider for Persons with Developmental Disabilities Fund - 0344:					
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 50,000	$ 49,809	$ 113	$ 49,922	$ 78
Total Care Provider for Persons with Developmental Disabilities Fund	$ 50,000	$ 49,809	$ 113	$ 49,922	$ 78
Employment and Training Fund - 0347:					
Employment and Social Service Program	$ 105,955	$ 21,743	$ 1,100	$ 22,843	$ 83,112
Federal Stimulus - ARRA	293,000	16,465	18,078	34,543	258,457
Total Employment and Training Fund	$ 398,955	$ 38,208	$ 19,178	$ 57,386	$ 341,569

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Health and Human Services Medicaid Trust Fund - 0365:					
Mental Health Grants-in-aid and Purchase of Care	$ 17,965	$ 16,669	$ 141	$ 16,810	$ 1,155
Developmental Disabilities Grants-in-aid and Purchase of Care	34,450	29,378	585	29,963	4,487
Total Health and Human Services Medicaid Trust Fund	$ 52,415	$ 46,047	$ 726	$ 46,773	$ 5,642
Drug Treatment Fund - 0368:					
Administrative and Program Support	$ 5	$ -	$ -	$ -	$ 5
Total Drug Treatment Fund	$ 5	$ -	$ -	$ -	$ 5
Sexual Assault Services Fund - 0389:					
Community Health	$ 100	$ 12	$ 18	$ 30	$ 70
Total Sexual Assault Services Fund	$ 100	$ 12	$ 18	$ 30	$ 70
Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394					
Community Youth Services	$ 3,500	$ 1,324	$ 152	$ 1,476	$ 2,024
Total Gaining Early Awareness for Undergraduate Programs Fund	$ 3,500	$ 1,324	$ 152	$ 1,476	$ 2,024
DHS Special Purposes Trust Fund - 0408:					
Administrative and Program Support	$ 575	$ 422	$ 86	$ 508	$ 67
Disability Determination Services Bureau	628	466	27	493	135
Employment and Social Service Program	207,251	152,416	12,678	165,094	42,157
Community Health	10,675	6,232	1,924	8,156	2,519
Community Youth Services	3,665	3,034	627	3,661	4
Federal Stimulus - ARRA	97,768	33,526	10,896	44,422	53,346
Total DHS Special Purposes Trust Fund	$ 320,562	$ 196,096	$ 26,238	$ 222,334	$ 98,228
Old Age Survivors Insurance Fund - 0495:					
Administrative and Program Support	$ 2,879	$ 2,110	$ 421	$ 2,531	$ 348
Disability Determination Services Bureau	86,906	69,408	2,982	72,390	14,516
Total Old Age Survivors Insurance Fund	$ 89,785	$ 71,518	$ 3,403	$ 74,921	$ 14,864

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Early Intervention Services Revolving Fund - 0502:					
Administrative and Program Support	$ 412	$ 307	$ 40	$ 347	$ 65
Community Youth Services	160,000	121,775	20,724	142,499	17,501
Federal Stimulus - ARRA	10,000	-	-	-	10,000
Total Early Intervention Services Revolving Fund	$ 170,412	$ 122,082	$ 20,764	$ 142,846	$ 27,566
Domestic Violence Abuser Services Fund - 0528:					
Community Health	$ 100	$ -	$ -	$ -	$ 100
Total Domestic Violence Abuser Services Fund	$ 100	$ -	$ -	$ -	$ 100
DHS Federal Projects Fund - 0592:					
Administrative and Program Support	$ 55,273	$ 281	$ 2	$ 283	$ 54,990
Mental Health Grants-in-aid and Purchase of Care	16,000	5,438	231	5,669	10,331
Disability/Behavioral Health Program Administration	5,949	967	147	1,114	4,835
Community Health	22,965	11,366	2,944	14,310	8,655
Total DHS Federal Projects Fund	$ 100,187	$ 18,052	$ 3,324	$ 21,376	$ 78,811
Multiple Sclerosis Assistance Fund - 0604:					
Rehabilitation Service Bureaus	$ 300	$ 78	$ -	$ 78	$ 222
Total Multiple Sclerosis Assistance Fund	$ 300	$ 78	$ -	$ 78	$ 222
State Projects Fund - 0642:					
Administrative and Program Support	$ 1,000	$ -	$ -	$ -	$ 1,000
Rehabilitation Service Bureaus	3,000	-	-	-	3,000
Community Health	2,729	369	1,355	1,724	1,005
Total State Projects Fund	$ 6,729	$ 369	$ 1,355	$ 1,724	$ 5,005

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Alcoholism and Substance Abuse Fund - 0646:					
Addiction Prevention	$ 6,809	$ 5,596	$ 920	$ 6,516	$ 293
Addiction Treatment	22,103	7,267	752	8,019	14,084
Total Alcoholism and Substance Abuse Fund	$ 28,912	$ 12,863	$ 1,672	$ 14,535	$ 14,377
DHS Private Resources Fund - 0690:					
Administrative and Program Support	$ 250	$ 88	$ -	$ 88	$ 162
Total DHS Private Resources Fund	$ 250	$ 88	$ -	$ 88	$ 162
U.S.D.A. Women, Infants and Children Fund - 0700:					
Administrative and Program Support	$ 600	$ 250	$ 77	$ 327	$ 273
Management Information Service	1,271	366	16	382	889
Community Health	322,567	278,361	15,998	294,359	28,208
Federal Stimulus - ARRA	25,000	129	31	160	24,840
Total U.S.D.A. Women, Infants and Children Fund	$ 349,438	$ 279,106	$ 16,122	$ 295,228	$ 54,210
Community Mental Health Medicaid Trust Fund - 0718:					
Mental Health Grants-in-aid and Purchase of Care	$ 115,690	$ 82,797	$ 1,253	$ 84,050	$ 31,640
Total Community Mental Health Medicaid Trust Fund	$ 115,690	$ 82,797	$ 1,253	$ 84,050	$ 31,640
Tobacco Settlement Recovery Fund - 0733:					
Community Health	$ 2,369	$ 2,318	$ 51	$ 2,369	$ -
Total Tobacco Settlement Recovery Fund	$ 2,369	$ 2,318	$ 51	$ 2,369	$ -
Local Initiative Fund - 0762:					
Administrative and Program Support	$ 125	$ 88	$ 17	$ 105	$ 20
Employment and Social Service Program	22,328	17,642	2,512	20,154	2,174
Total Local Initiative Fund	$ 22,453	$ 17,730	$ 2,529	$ 20,259	$ 2,194

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Healthcare Provider Relief Fund - 0793:					
DHS/Excess Assistance	$ 300,000	$ 64,971	$ 1,451	$ 66,422	$ 233,578
Total Healthcare Provider Relief Fund	$ 300,000	$ 64,971	$ 1,451	$ 66,422	$ 233,578
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:					
DHS Administration	$ 1,350	$ 624	$ 85	$ 709	$ 641
Total Rehabilitation Services Elementary and Secondary Education Act Fund	$ 1,350	$ 624	$ 85	$ 709	$ 641
Domestic Violence Shelter and Service Fund - 0865:					
Administrative and Program Support	$ 64	$ 18	$ 6	$ 24	$ 40
Community Health	952	479	88	567	385
Total Domestic Violence Shelter and Service Fund	$ 1,016	$ 497	$ 94	$ 591	$ 425
Maternal and Child Health Services Block Grant Fund - 0872:					
Administrative and Program Support	$ 86	$ 48	$ 24	$ 72	$ 14
Management Information Service	246	227	8	235	11
Community Health	27,988	15,488	3,004	18,492	9,496
Total Maternal and Child Health Services Block Grant Fund	$ 28,320	$ 15,763	$ 3,036	$ 18,799	$ 9,521
Preventive Health and Health Services Block Grant Fund - 0873:					
Community Health	$ 1,500	$ -	$ -	$ -	$ 1,500
Total Preventive Health and Health Services Block Grant Fund	$ 1,500	$ -	$ -	$ -	$ 1,500
Community Mental Health Services Block Grant Fund - 0876:					
Administrative and Program Support	$ 71	$ 56	$ 12	$ 68	$ 3
Mental Health Grants-in-aid and Purchase of Care	18,659	15,609	52	15,661	2,998
Total Community Mental Health Services Block Grant Fund	$ 18,730	$ 15,665	$ 64	$ 15,729	$ 3,001

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
Youth Drug Abuse Prevention Fund - 0910:					
Administrative and Program Support	$ 30	$ -	$ -	$ -	$ 30
Addiction Treatment	530	140	79	219	311
Total Youth Drug Abuse Prevention Fund	$ 560	$ 140	$ 79	$ 219	$ 341
Juvenile Justice Trust Fund - 0911:					
Administrative and Program Support	$ 14	$ 10	$ 3	$ 13	$ 1
Juvenile Justice Program	13,432	1,774	286	2,060	11,372
Total Juvenile Justice Trust Fund	$ 13,446	$ 1,784	$ 289	$ 2,073	$ 11,373
DHS Recoveries Trust Fund - 0921:					
Administrative and Program Support	$ 7,923	$ 5,410	$ 344	$ 5,754	$ 2,169
Total DHS Recoveries Trust Fund	$ 7,923	$ 5,410	$ 344	$ 5,754	$ 2,169
Total Appropriated Funds	$ 6,497,349	$ 4,996,844	$ 398,420	$ 5,395,264	$ 1,102,085
Non-Appropriated Funds					
DHS Special Purposes Trust Fund - 0408:					
Employment and Social Service Program		$ 6,143	$ 2,231	$ 8,374	
Total DHS Special Purposes Trust Fund		$ 6,143	$ 2,231	$ 8,374	
Electronic Benefits Transfers Fund - 0540:					
Distributive Items		$ 148,152	$ -	$ 148,152	
Total Electronic Benefits Transfers Fund		$ 148,152	$ -	$ 148,152	

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

Schedule 4

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2010
EIGHTEEN MONTHS ENDED DECEMBER 31, 2010
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31	Total Expenditures	Balances Lapsed
DHS Federal Projects Fund - 0592:					
Administrative and Program Support		$ 374	$ 79	$ 453	
Addiction Prevention		-	63	63	
Community Health		2,679	278	2,957	
Total DHS Federal Projects Fund		$ 3,053	$ 420	$ 3,473	
State Projects Fund - 0642:					
Legislative Initiatives		$ 10	$ 40	$ 50	
Total State Projects Fund		$ 10	$ 40	$ 50	
DHS Private Resources Fund - 0690:					
Mental Health Grants-in-aid and Purchase of Care		$ 33	$ -	$ 33	
Disability/Behavioral Health Program Administration		30	9	39	
Community Health		265	49	314	
Total DHS Private Resources Fund		$ 328	$ 58	$ 386	
DHS Recoveries Trust Fund - 0921:					
Distributive Items		$ 4,702	$ 504	$ 5,206	
Total DHS Recoveries Trust Fund		$ 4,702	$ 504	$ 5,206	
Total Non-Appropriated Funds		$ 162,388	$ 3,253	$ 165,641	
Total All Funds		$ 5,159,232	$ 401,673	$ 5,560,905	(Concluded)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF EXPENDITURES
BY MAJOR OBJECT CODE
EXPENDITURES FOR FISCAL YEARS ENDED JUNE 30, 2011, 2010 AND 2009
(expressed in thousands)

	Fiscal Year		
	2011	2010	2009
	P.A. 96-0956, 96-0957	P.A. 96-0039, 96-0042, 96-0046, 96-0819, 96-0890	P.A. 95-0734, 95-1001, 96-0004
ALL FUNDS			
Appropritations (net after transfers):	$ 6,395,064	$ 6,497,349	$ 6,029,363
Expenditures:			
Personal Services	$ 828,449	$ 817,599	$ 804,607
Retirement	29,119	27,772	166,758
State Contributions for Social Security	59,715	58,887	58,019
Employer Contributions for Group Insurance	23,724	21,042	21,227
Contractual Services	208,089	206,355	208,730
Travel	2,951	3,763	4,621
Commodities	34,850	34,807	43,055
Printing	1,803	2,337	2,205
Equipment	3,768	5,242	2,574
EDP	-	-	6
Telecommunications	12,277	12,712	12,894
Operation of Automotive Equipment	1,581	1,437	1,589
Lump Sums and Other Purposes	16,949	12,089	793
Interfund Cash Transfers	266,376	228,351	212,188
Awards and Grants	4,120,306	3,850,832	3,737,182
Tort, Settlements and Similar Payments - Nontaxable	121	25	24
Medical Preparation and Food Supplies for Free Distribution	245,047	239,596	249,101
Awards and Grants to Students	1,381	991	1,126
Grants to Other State Agencies	42,624	29,889	29,997
Permanent Improvements, Lump Sums and Other Purposes	73	376	40
Refunds of Federal and Other Grants	3,302	6,370	8,702
Refunds, Not Elsewhere Classified	252	433	548
Total Expenditures	5,902,757	5,560,905	5,565,986
Less Non-Appropriated expenditures	208,982	165,641	145,177
Appropriated expenditures	5,693,775	5,395,264	5,420,809
Lapsed Balances	$ 701,289	$ 1,102,085	$ 608,554
State Officers' Salaries			
Expenditures			
Secretary	$ 130	$ 150	$ 150
Assistant Secretaries	213	186	231
Total Expenditures	$ 343	$ 336	$ 381

Note 1: Expenditures are classified according to major object codes listed in the Statewide Accounting Management System ("SAMS") manual and include appropriated and non-appropriated funds.

Note 2: All data on this schedule was obtained from Comptroller records.

Schedule 6

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF EXPENDITURES BY FACILITY
FISCAL YEARS ENDED JUNE 30, 2011, 2010 AND 2009
(Unaudited)

	2011	2010	2009
Alton Mental Health Center	$ 24,682,697	$ 24,866,413	$ 32,668,955
Chester Mental Health Center	38,587,723	38,287,068	45,292,604
Chicago Read Mental Health Center	27,813,457	28,684,757	33,552,085
Clyde L. Choate Mental Health and Developmental Center	43,475,968	41,500,667	45,600,784
Elgin Mental Health Center	66,195,125	67,649,759	83,643,856
William W. Fox Developmental Center	19,044,215	18,545,242	21,465,704
William A. Howe Developmental Center	8,806,105	47,022,677	63,017,233
Illinois School for the Deaf	20,735,542	20,596,697	22,680,216
Illinois School for the Visually Impaired	9,985,850	10,498,676	11,454,174
Jacksonville Mental Health and Developmental Center	32,689,250	32,378,254	34,934,147
Ann M. Kiley Developmental Center	32,884,457	31,997,529	35,410,754
Lincoln Developmental Center	1,224,885	1,751,738	1,830,719
Elisabeth Ludeman Developmental Center	60,984,880	48,278,548	51,505,365
Jack Mabley Developmental Center	11,862,758	11,697,893	13,278,647
John J. Madden Mental Health Center	32,074,681	31,041,062	36,373,026
Andrew McFarland Mental Health Center	21,941,279	21,621,808	24,883,648
Warren G. Murray Developmental Center	42,228,953	40,998,072	44,779,706
Gov. Samuel H. Shapiro Developmental Center	84,441,964	76,346,761	85,481,538
H. Douglas Singer Mental Health Center	15,321,054	15,959,080	18,168,899
Tinley Park Mental Health Center	23,734,636	24,252,091	28,456,096
Zeller Mental Health Center	859,264	918,689	8,882,066
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	5,694,598	5,551,859	6,278,696
Total	$ 625,269,341	$ 640,445,340	$ 749,638,918

All expenditure data on this schedule was obtained from Department records.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Fiscal Years Ended June 30, 2010 and 2011

	Equipment	Land and Land Improvements	Buildings and Building Improvements	Site Improvements	Capital Lease Equipment	Total
Balance at July 1, 2009	$ 136,922,375	$ 3,901,803	$ 703,204,800	$ 109,978,844	$ 140,646	$ 954,148,468
Additions	3,267,444	-	248,351	327,461	714,704	4,557,960
Deletions	2,454,066	-	6,779	-	140,646	2,601,491
Net Transfers	(5,996,970)	-	12,703,360	27,750	-	6,734,140
Balance at June 30, 2010	$ 131,738,783	$ 3,901,803	$ 716,149,732	$ 110,334,055	$ 714,704	$ 962,839,077
Balance at July 1, 2010	$ 131,738,783	$ 3,901,803	$ 716,149,732	$ 110,334,055	$ 714,704	$ 962,839,077
Additions	5,927,576	-	439,967	14,532	-	6,382,075
Deletions	11,897,729	-	3,114	-	-	11,900,843
Net Transfers	(4,569,920)	-	1,899,084	7,004	-	(2,663,832)
Balance at June 30, 2011	$ 121,198,710	$ 3,901,803	$ 718,485,669	$ 110,355,591	$ 714,704	$ 954,656,477

Note: This schedule has been reconciled to property records submitted to the Office of the Comptroller.

Totals on this schedule do not agree to the Department's financial statements due to timing differences and differences in capitalizing fixed assets for financial statement purposes.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2011, 2010, AND 2009
(expressed in thousands)

Schedule 8

	2011	2010	2009
General Revenue Fund - 0001			
Miscellaneous collections from facilities/General Office	$ 203	$ 169	$ 151
Grantee income-program income, Emergency Revolving Fund interest, petty cash, and miscellaneous	565	755	942
Federal - U.S. Dept. of HHS - Refugee Entrants Program	1,464	8,051	3,248
Federal - U.S. Dept. of Health and Human Services	974	-	-
Food stamps	90,456	85,359	107,593
TANF	425,445	438,832	477,230
Non-medical	-	1	-
Original and renewal license fees	48	83	93
Chicago general assistance	-	-	3,096
Child Care Development Block Grant	68,298	76,056	62,068
Refugee Entrants Program	3	2	3
Indirect cost reimbursements	468	1,378	671
Total General Revenue Fund	587,924	610,686	655,095
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013			
Federal - U.S. Dept. of Health and Human Services	70,353	73,040	64,029
State offset claims	2	2	-
Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	70,355	73,042	64,029
Group Home Loan Revolving Fund - 0025			
Loan repayment	16	23	21
Mental Health Fund - 0050			
Patient care reimbursements and miscellaneous collections	24,301	27,135	28,060
Other Illinois State agencies and local units	1,765	1,560	1,081
Other State agencies	876	985	1,301
Medicare Part D	4,418	7,954	-
Total Mental Health Fund	31,360	37,634	30,442
Vocational Rehabilitation Fund - 0081			
Randolph Sheppard vendors	216	85	150
Federal - U.S. Dept. of Education	93,880	88,967	97,875
Federal - U.S. Dept. of Health and Human Services	1,621	2,805	4,813
Federal stimulus package	8,851	1,692	-
Grantee income - jury duty and recoveries, repayments due to law	3	2	126
Indirect cost reimbursements from federal government	1,927	3,710	4,818
General Revenue Fund	3,227	2,497	-
Repayment due to final audits	34	115	88
Total Vocational Rehabilitation Fund	109,759	99,873	107,870
Hansen-Therkelsen Memorial Deaf Student College Fund - 0123			
Loan repayments	5	6	8
DCFS Childrens' Services Fund - 0220			
Federal - TANF grant	68,800	68,800	51,600

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2011, 2010, AND 2009
(expressed in thousands)

Schedule 8

	2011	2010	2009
Drunk & Drugged Driving Prevention Fund - 0276			
Restitution	$ -	$ 6	$ -
Income Tax Refund Fund - 0278			
Federal - TANF grant	17,310	16,212	13,680
Federal National Community Services Fund - 0343			
Federal stimulus package	480	2,217	-
National Community Services	8,976	6,932	6,987
Total Federal National Community Services Fund	9,456	9,149	6,987
Employment and Training Fund - 0347			
Federal - TANF grant	57,147	23,763	10,276
Federal stimulus package	178,515	16,465	-
Total Employment and Training Fund	235,662	40,228	10,276
Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394			
Federal - U.S. Department of Education	3,247	3,406	3,560
DHS Special Purposes Trust Fund - 0408			
Federal - U.S. Dept. of Health and Human Services	138	225	194
Federal - U.S. Dept. of Agriculture - multiple grants	20,623	22,382	12,158
State Board of Education	175	130	-
Family violence	2,713	3,362	3,207
Refugee entrants	5,561	6,384	4,338
Child care	140,007	133,196	142,894
Migrant Head Start	3,028	2,992	2,768
Federal stimulus package	55,594	33,728	-
Repayment pursuant to law	-	4	6
Total Special Purposes Trust Fund	227,839	202,403	165,565
Old Age Survivors Insurance Fund - 0495			
Federal - U.S. Dept. of Health and Human Services	78,278	74,826	65,236
Early Intervention Services Revolving Fund - 0502			
General Revenue Fund	66,000	71,286	63,500
Federal - U.S. Department of Education	11,819	17,652	17,820
Parent fees	3,538	3,691	4,063
Miscellaneous	9	5	4
Other Illinois State agencies	106	68	45
Other States and agencies	139	-	-
Repayment pursuant to law	1	-	-
Federal stimulus package	1,654	8,975	8,772
Total Early Intervention Services Revolving Fund	83,266	101,677	94,204

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2011, 2010, AND 2009
(expressed in thousands)

Schedule 8

	2011	2010	2009
Electronic Benefits Transfers Fund - 0540			
AABD	$ 27,718	$ 27,662	$ 26,691
TANF	148,608	105,322	85,168
Employability development services	5,240	3,410	2,206
General assistance	13,020	12,498	11,453
Refugee entrants	1,475	1,875	1,557
Employment and training	2,432	2,417	3,155
Total Electronic Benefits Transfers Fund	198,493	153,184	130,230
DHS Federal Projects Fund - 0592			
Federal - U.S. Dept. of Health and Human Services	21,478	18,754	14,921
Federal - U.S. Dept. of Justice	709	1,024	606
Federal - U.S. FEMA	-	-	79
Federal - Social Security Administration	252	427	515
Federal - U.S. Dept. of Housing and Urban Development	-	361	177
Federal monies via ICJIA	245	3,260	-
Federal indirect cost reimbursement	-	(105)	105
State Board of Education	-	-	65
Medical Special Purpose Trust	104	95	-
Federal monies from other states	-	-	40
Total DHS Federal Projects Fund	22,788	23,816	16,508
State Projects Fund - 0642			
Illinois Department of Children and Family Services	1,733	-	1,369
Illinois Department of Healthcare and Family Services	48	210	501
Other Illinois State Agency - DPH	-	-	58
Other Illinois State Agency - DCEO	-	-	80
Other Illinois State Agency - ISBE	13	25	38
Other Illinois State Agency - Aging	-	-	58
Medical Special Purpose Trust	48	209	280
Private organizations or individuals	3	3	-
Total State Projects Fund	1,845	447	2,384
Alcoholism and Substance Abuse Fund - 0646			
Federal - U.S. Dept. of Education	902	2,207	1,825
Federal - U.S. Dept. of Health and Human Services	5,144	11,004	11,293
Federal - U.S. Dept. of Justice	534	575	391
Federal Govt. Justice/Court Restitutions	-	-	5
Illinois Department of Public Health	-	51	-
Illinois Department of Revenue	17	18	21
Private organizations	238	285	326
Total Alcoholism and Substance Abuse Fund	6,835	14,140	13,861
DHS Private Resources Fund - 0690			
Private organizations	559	364	410
U.S.D.A. Women, Infants and Children Fund - 0700			
Federal - U.S. Dept. of Agriculture	223,657	220,567	224,978
WIC program income and fees	1	1	1
WIC program vendors	7	7	20
Federal stimulus package	191	129	421
Infant formula rebates	73,570	72,072	77,656
Total U.S.D.A. Women, Infants and Children Fund	297,426	292,776	303,076

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2011, 2010, AND 2009
(expressed in thousands)

	2011	2010	2009
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798			
Federal - U.S. Dept. of Agriculture	$ 250	$ 223	$ 69
Federal - U.S. Dept. of Education	108	234	285
Federal property sales/school districts	145	8	6
Federal monies via other Illinois agency	1	238	-
Private organizations or individuals	-	-	4
Natural Resources	-	-	1
State Board of Education	67	3	218
Total Rehabilitation Services Elementary and Secondary Education Act Fund	571	706	583
Maternal and Child Health Services Block Grant Fund - 0872			
Federal - U.S. Dept. of Health and Human Services Block Grant	18,063	17,659	21,877
Preventive Health and Health Services Block Grant Fund - 0873			
Federal - U.S. Dept. of Health and Human Services Block Grant	-	-	258
Community Mental Health Services Block Grant Fund - 0876			
Federal - U.S. Dept. of Health and Human Services Block Grant	15,973	16,062	15,625
Youth Drug Abuse Prevention Fund - 0910			
Fines, penalties and violations	370	393	405
Juvenile Justice Trust Fund - 0911			
Federal - U.S. Dept. of Justice	1,564	2,002	2,110
DHS Recoveries Trust Fund - 0921			
IRS collections non-public assistance clients	4,361	3,122	3,808
Earnfare employment/training	1	1	3
Recipient collection - administrative support	792	631	662
Recipient collection - excess assistance	3,967	4,313	4,301
Recipient collection - food stamp	2,054	2,081	1,947
Non-medical	869	929	831
State offset claim	3	42	2
SSI Interim Assistance	1,593	2,238	2,079
Total DHS Recoveries Trust Fund	13,640	13,357	13,633
Social Services Block Grant Fund - 0935			
Federal - U.S. Dept. of Health and Human Services			
Title XX Block Grant	86,210	81,156	74,231
TANF	12,574	37,351	32,271
Total Social Services Block Grant Fund	98,784	118,507	106,502
TOTAL RECEIPTS PER DEPARTMENT RECORDS	$ 2,200,188	$ 1,991,384	$ 1,896,035

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2011 and 2010
(expressed in thousands)

Schedule 9

	Fund 0001 General Revenue Fund	Fund 0013 Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Fund 0025 Group Home Loan Revolving Fund	Fund 0050 Mental Health Fund	Fund 0081 Vocational Rehabilitation Fund
TOTAL 2011 RECEIPTS PER DEPARTMENT RECORDS	$ 587,924	$ 70,355	$ 16	$ 31,360	$ 109,759
Deposits in transit, beginning of period	79	-	-	2,580	-
Deposits in transit, end of period	(11)	(1)	-	(220)	-
Adjustments to be made to Department records - miscellaneous	7	-	-	780	-
TOTAL 2011 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 587,999	$ 70,354	$ 16	$ 34,500	$ 109,759
TOTAL 2010 RECEIPTS PER DEPARTMENT RECORDS	$ 610,686	$ 73,042	$ 23	$ 37,634	$ 99,873
Deposits in transit, beginning of period	17,218	-	2	1,423	(21)
Deposits in transit, end of period	(79)	-	-	(2,580)	-
Adjustments to be made to Department records - miscellaneous	(17,143)	(1)	-	(363)	(545)
TOTAL 2010 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 610,682	$ 73,041	$ 25	$ 36,114	$ 99,307

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2011 and 2010
(expressed in thousands)

Schedule 9

	Fund 0123 Hansen-Therkelson Memorial Deaf Student College Fund	Fund 0220 DCFS Childrens' Services Fund	Fund 0276 Drunk & Drugged Driving Prevention Fund	Fund 0278 Income Tax Refund Fund	Fund 0343 Federal National Community Services Fund
TOTAL 2011 RECEIPTS PER DEPARTMENT RECORDS	$ 5	$ 68,800	$ -	$ 17,310	$ 9,456
Deposits in transit, beginning of period	-	-	4	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2011 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 5	$ 68,800	$ 4	$ 17,310	$ 9,456
TOTAL 2010 RECEIPTS PER DEPARTMENT RECORDS	$ 6	$ 68,800	$ 6	$ 16,212	$ 9,149
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	(4)	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2010 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 6	$ 68,800	$ 2	$ 16,212	$ 9,149

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2011 and 2010
(expressed in thousands)

Schedule 9

	Fund 0347 Employment and Training Fund	Fund 0394 Gaining Early Awareness and Readiness for Undergraduate Programs Fund	Fund 0408 DHS Special Purposes Trust Fund	Fund 0495 Old Age Survivors Insurance Fund	Fund 0502 Early Intervention Services Revolving Fund
TOTAL 2011 RECEIPTS PER DEPARTMENT RECORDS	$ 235,662	$ 3,247	$ 227,839	$ 78,278	$ 83,266
Deposits in transit, beginning of period	-	-	-	-	183
Deposits in transit, end of period	-	-	-	(1)	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	141
TOTAL 2011 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 235,662	$ 3,247	$ 227,839	$ 78,277	$ 83,590
TOTAL 2010 RECEIPTS PER DEPARTMENT RECORDS	$ 40,228	$ 3,406	$ 202,403	$ 74,826	$ 101,677
Deposits in transit, beginning of period	-	-	1	-	-
Deposits in transit, end of period	-	-	-	-	(183)
Adjustments to be made to Department records - miscellaneous	-	-	301	-	474
TOTAL 2010 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 40,228	$ 3,406	$ 202,705	$ 74,826	$ 101,968

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2011 and 2010
(expressed in thousands)

Schedule 9

	Fund 0540 Electronic Benefits Transfers Fund	Fund 0592 DHS Federal Projects Fund	Fund 0642 State Projects Fund	Fund 0646 Alcoholism and Substance Abuse Fund	Fund 0690 DHS Private Resources Fund
TOTAL 2011 RECEIPTS PER DEPARTMENT RECORDS	$ 198,493	$ 22,788	$ 1,845	$ 6,835	$ 559
Deposits in transit, beginning of period	-	-	-	-	25
Deposits in transit, end of period	(5,761)	(16)	-	-	(1)
Adjustments to be made to Department records - miscellaneous	-	-	-	50	54
TOTAL 2011 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 192,732	$ 22,772	$ 1,845	$ 6,885	$ 637
TOTAL 2010 RECEIPTS PER DEPARTMENT RECORDS	$ 153,184	$ 23,816	$ 447	$ 14,140	$ 364
Deposits in transit, beginning of period	7,405	-	-	-	-
Deposits in transit, end of period	-	-	-	-	(25)
Adjustments to be made to Department records - miscellaneous	(12,437)	26	25	-	-
TOTAL 2010 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 148,152	$ 23,842	$ 472	$ 14,140	$ 339

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2011 and 2010
(expressed in thousands)

Schedule 9

	Fund 0700 U.S.D.A. Women, Infants and Children Fund	Fund 0798 Rehabilitation Services Elementary and Secondary Education Act Fund	Fund 0872 Maternal and Child Health Services Block Grant Fund	Fund 0876 Community Mental Health Services Block Grant Fund
TOTAL 2011 RECEIPTS PER DEPARTMENT RECORDS	$ 297,426	$ 571	$ 18,063	$ 15,973
Deposits in transit, beginning of period	-	-	-	-
Deposits in transit, end of period	(1)	-	-	-
Adjustments to be made to Department records - miscellaneous	-	21	-	-
TOTAL 2011 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 297,425	$ 592	$ 18,063	$ 15,973
TOTAL 2010 RECEIPTS PER DEPARTMENT RECORDS	$ 292,776	$ 706	$ 17,659	$ 16,062
Deposits in transit, beginning of period	-	-	-	-
Deposits in transit, end of period	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	16	-	-
TOTAL 2010 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 292,776	$ 722	$ 17,659	$ 16,062

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2011 and 2010
(expressed in thousands)

Schedule 9

	Fund 0910 Youth Drug Abuse Prevention Fund	Fund 0911 Juvenile Justice Trust Fund	Fund 0921 DHS Recoveries Trust Fund	Fund 0935 Social Services Block Grant Fund	Total All Funds
TOTAL 2011 RECEIPTS PER DEPARTMENT RECORDS	$ 370	$ 1,564	$ 13,640	$ 98,784	$ 2,200,188
Deposits in transit, beginning of period	16	-	984	-	3,871
Deposits in transit, end of period	(28)	-	(298)	-	(6,338)
Adjustments to be made to Department records - miscellaneous	-	-	5	-	1,058
TOTAL 2011 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 358	$ 1,564	$ 14,331	$ 98,784	$ 2,198,779
TOTAL 2010 RECEIPTS PER DEPARTMENT RECORDS	$ 393	$ 2,002	$ 13,357	$ 118,507	$ 1,991,384
Deposits in transit, beginning of period	11	-	333	-	26,372
Deposits in transit, end of period	(16)	-	(984)	-	(3,871)
Adjustments to be made to Department records - miscellaneous	-	(1)	(136)	-	(29,784)
TOTAL 2010 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 388	$ 2,001	$ 12,570	$ 118,507	$ 1,984,101

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

NOTES ON FINANCIAL RELATED DATA

For the Years Ended June 30, 2011 and 2010

Introduction

The following comments relate to the operations of the State of Illinois, Department of Human Services for the years ended June 30, 2011 and 2010. The scope of our engagement includes a financial audit of the entire Illinois Department of Human Services for the year ended June 30, 2011 and for the year ended June 30, 2010 (issued under separate cover), and a compliance examination of the entire Illinois Department of Human Services for the two years ended June 30, 2011.

The following depicts the organizational structure of the Department at June 30, 2011:

Administration (Central Office):
- Community Relations
- Grants
- Hispanic/Latino Affairs
- Inspector General
- Legal Counsel
- Legislation
- Security and Emergency Preparedness
- Strategic Planning
- Budgets
- Business Services
- Clinical, Administrative and Program Support
- Compliance Workplace Safety
- Contract Administration
- Fiscal Services
- Human Resources
- Management Information Services
- Procurement

Community Health and Prevention:
- Office of Family Health
- Office of Prevention

Human Capital Development:
- Office of Family Support Services

Mental Health and Developmental Disabilities Services:
- Division of Developmental Disabilities
- Division of Mental Health

Division of Alcohol and Substance Abuse

Division of Rehabilitation Services

The financial information included herein was derived from the accounting records of the Department or was furnished by officials of the Department.

Analysis of Significant Variations in Expenditures

Schedules 3 and 4, "Schedule of Appropriations, Expenditures and Lapsed Balances" present information by fund and division within fund for the fiscal years ended June 30, 2011 and 2010. Schedule 5, "Comparative Schedule of Expenditures by Major Object Code" compares expenditures for the Department by major object code for both appropriated funds and nonappropriated funds.

The Department's explanation for significant fluctuations in expenditures as presented on Schedule 5 is detailed below (amounts expressed in thousands).

2009 to 2010

Retirement

Expenditures for retirement contributions decreased by $138,986 or 83% from fiscal year 2009 to 2010. This is due to a change in the appropriation process for these contributions. The State Employees Retirement System received a direct appropriation in fiscal year 2010 for any contributions that were associated with General Revenue Fund spending. Due to the fact that the Department received the majority of their appropriations for personal services from the General Revenue Fund, the Department was not required to make the retirement contributions from their appropriations. As a result, retirement contributions decreased.

Commodities

Commodities expenditures decreased by $8,248 or 19% from fiscal year 2009 to 2010. The decrease is a result of pharmaceuticals that are purchased for the facilities transitioning to generic which decreased the associated costs significantly. In addition, budget constraints have decreased spending on commodities items.

Equipment

Equipment expenditures increased by $2,668 or 104% from fiscal year 2009 to 2010. The Bureau of Pharmacy and Clinical Services acquired a drug cart dispensing system and unit dose machines for facility operations which resulted in the increase.

Lump Sums and Other Purposes

Lump sum expenditures increased by $11,296 or 1,424% from fiscal year 2009 to 2010. The increase is a result of the change from traditional appropriation line items to a lump sum line item.

Refunds of Federal and Other Grants

Refunds of federal and other grants expenditures decreased by $2,332 or 27% from fiscal year 2009 to 2010. The decrease is attributed to normal fluctuations in grant activity and is not associated with one particular grant.

2010 to 2011

Employer Contributions for Group Insurance

Employer contributions for group insurance expenditures increased $2,682 or 13% from fiscal year 2010 to 2011. The Department received additional federal funding in fiscal year 2011 which was not administered through the General Revenue Fund. As a result, the Department is responsible for employer contributions for group insurance through the administering fund which resulted in the increase.

Equipment

Equipment expenditures decreased by $1,474 or 28% from fiscal year 2010 to 2011. The Department made purchases in fiscal year 2010 for pharmaceutical equipment which resulted in the decrease for fiscal year 2011.

Lump Sums and Other Purposes

Lump sum expenditures increased by $4,860 or 40% from fiscal year 2010 to 2011. The increase is a result of the change from traditional appropriation line items to a lump sum line item which began in fiscal year 2010. The Department received additional lump sum appropriations in fiscal year 2011 which resulted in the increase.

Interfund Cash Transfers

Interfund cash transfers expenditures increased by $38,025 or 17% from fiscal year 2010 to 2011. This is a result of cash flow shortages experienced by the Department requiring additional interfund cash transfers.

Grants to Other State Agencies

Grants to other State agencies expenditures increased $12,735 or 43% from fiscal year 2010 to 2011. The Department received several new grants which resulted in the increase.

Refunds of Federal and Other Grants

Refunds of federal and other grants expenditures decreased by $3,068 or 48% from fiscal year 2010 to 2011. The decrease is attributed to normal fluctuations in grant activity and is not associated with one particular grant.

Analysis of Significant Variations in Receipts

A summary of cash receipts by fund by source is presented in Schedule 8, Comparative Schedule of Cash Receipts. The Department's explanation for significant fluctuations in cash receipts for each fund is detailed below (amounts expressed in thousands).

2009 to 2010

General Revenue Fund – 0001

Federal – U.S. Dept. of HHS – Refugee Entrants Program receipts increased $4,803 or 148% from fiscal year 2009 to 2010. This is due to overall increased spending between General Revenue Fund and the DHS Special Purposes Trust Fund for the Refugee and Entrant Assistance – State Administered Programs. In addition, the increase is attributed to the timing and allocation of expenditures between the two funds.

Food stamps receipts decreased $22,234 or 21% from fiscal year 2009 to 2010. This is a result of a decrease in overall spending between the General Revenue Fund and the DHS Special Purposes Trust Fund. The decrease is also attributable to the timing and allocation of expenditures between the two funds.

Chicago general assistance receipts decreased $3,096 or 100% from fiscal year 2009 to 2010. Reimbursements from the City of Chicago for a State General Assistance program ceased when costs no longer exceeded the required threshold set out in State statute.

Child Care Development Block Grant receipts increased $13,988 or 23% from fiscal year 2009 to 2010. This is a result of an increase in overall spending in the Child Care and Development Block Grant and the Child Care Mandatory and Matching Funds of the Child Care and Development Fund programs and the allocation of those expenditures between the General Revenue Fund and the DHS Special Purposes Trust Fund.

Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund – 0013

Federal – U.S. Dept. of Health and Human Services receipts increased $9,011 or 14% from fiscal year 2009 to 2010. This is due to the timing of payments to providers as the monthly payment cycle is the last week of the month following the reimbursement month.

Mental Health Fund – 0050

Medicare Part D receipts increased $7,954 or 100% from fiscal year 2009 to 2010. This is due to the determination that residents in State-operated facilities are eligible to be claimed for benefits under Medicare Part D.

Vocational Rehabilitation Fund – 0081

Federal – U.S. Dept. of Health and Human Services receipts decreased $2,008 or 42% from fiscal year 2009 to 2010. This is due to the timing of Social Security Income Case Closure Incentive receipts. Fiscal year 2009 included receipts for fiscal year 2008 in addition to the receipts for fiscal year 2009.

Federal stimulus package receipts increased $1,692 or 100% from fiscal year 2009 to 2010. The Department received additional ARRA funds for Rehabilitation Services – Vocational Rehabilitation Grants to States in fiscal year 2010 resulting in the increase.

Indirect cost reimbursements from the federal government decreased $1,108 or 23% from fiscal year 2009 to 2010. Reimbursements for indirect costs under the Supplemental Security – Disability Insurance are delayed until the end of the grant fiscal year which results in more reimbursements received in the subsequent State fiscal year.

General Revenue Fund receipts increased $2,497 or 100% from fiscal year 2009 to 2010. This is due to timing of payments and cash flow shortages in the General Revenue Fund which delayed vendor payments in fiscal year 2009.

DCFS Childrens' Services Fund – 0220

Federal – TANF grant receipts increased $17,200 or 33% from fiscal year 2009 to 2010. This is due to the timing of the transfers of funds. A drawdown of funds which was scheduled for May of 2009 was initiated in March of 2009 as a receipt transfer due to a cash flow shortage in the fund.

Income Tax Refund Fund – 0278

Federal – TANF grant receipts increased $2,532 or 19% from fiscal year 2009 to 2010. This is due to an increase in TANF case loads and increases in the number of people eligible for the Earned Income Tax Credit.

Federal National Community Services Fund – 0343

Federal stimulus package receipts increased $2,217 or 100% from fiscal year 2009 to 2010. The increase was due to a new AmeriCorps program funded by ARRA which began during fiscal year 2010.

Employment and Training Fund – 0347

Federal – TANF grant receipts increased $13,487 or 131% from fiscal year 2009 to 2010. The increase is a result of the timing of TANF cash assistance payments and an increase in clients who were eligible for TANF benefits.

Federal stimulus package receipts increased $16,465 or 100% from fiscal year 2009 to 2010. The increase is attributed to TANF – ARRA program start-up funds the Department received during fiscal year 2010.

DHS Special Purposes Trust Fund – 0408

Federal – U.S. Dept. of Agriculture – multiple grants receipts increased $10,224 or 84% from fiscal year 2009 to 2010. This is due to an increase in the grant award for the State Administrative Matching Grants for the Supplemental Nutrition Assistance Program which increased approximately $8.4 million from fiscal year 2009 to fiscal year 2010.

Refugee entrants receipts increased $2,046 or 47% from fiscal year 2009 to 2010. This is due to the grant award for the Refugee and Entrant Assistance – State Administered Programs increasing approximately $1.6 million from fiscal year 2009 to fiscal year 2010.

Federal stimulus package receipts increased $33,728 or 100% from fiscal year 2009 to 2010. The increase is due to start up ARRA funds for the Supplemental Nutrition Assistance Program and Child Care and Development Block Grant.

Old Age Survivors Insurance Fund – 0495

Federal – U.S. Dept. of Health and Human Services receipts increased $9,590 or 15% from fiscal year 2009 to 2010. The increase is due to the timing of payments made during the lapse period of fiscal year 2010.

Early Intervention Services Revolving Fund – 0502

General Revenue Fund receipts increased $7,786 or 12% from fiscal year 2009 to 2010. The increase was a result of the cash flow shortages in the General Revenue Fund which impacted the timing of vendor payments.

Electronic Benefits Transfers Fund – 0540

TANF receipts increased $20,154 or 24% from fiscal year 2009 to 2010. This is the result of an increase in average monthly TANF caseloads.

Employability developmental services receipts increased $1,204 or 55% from fiscal year 2009 to 2010. The increase is reflective of an increase in TANF case loads and a greater emphasis on employment and training activities.

DHS Federal Projects Fund – 0592

Federal – U.S. Dept. of Health and Human Services receipts increased $3,833 or 26% from fiscal year 2009 to 2010. This is due to increases in grant awards for the Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances and Substance Abuse and Mental Health Services – Projects of Regional and National Significance programs of approximately $3.7 million.

Federal monies via ICJIA receipts increased $3,260 or 100% from fiscal year 2009 to 2010. The increase is due to funding new grants for substantially the entire State fiscal year.

State Projects Fund – 0642

Illinois Department of Children and Family Services receipts decreased $1,369 or 100% from fiscal year 2009 to 2010. The decrease is due to the timing of Health Works Illinois program receipts vouchered by another State agency but delayed due to cash shortages in the General Revenue Fund.

Maternal and Child Health Services Block Grant Fund - 0872

Federal – U.S. Dept. of Health and Human Services Block Grant receipts decreased $4,218 or 19% from fiscal year 2009 to 2010. The decrease is due to the end of the Abstinence Education Program in August 2009 and an increase in lapse period spending during fiscal year 2009 for the Maternal and Child Health Services Block Grant to the States.

Social Services Block Grant Fund – 0935

TANF receipts increased $5,080 or 16% from fiscal year 2009 to 2010. The increase is attributed to the increased use of the Home Services Program spending for TANF transfers.

2010 to 2011

General Revenue Fund – 0001

Federal – U.S. Dept. of HHS – Refugee Entrants Program receipts decreased $6,587 or 82% from fiscal year 2010 to 2011. This is due to an overall decrease in spending between the General Revenue Fund and the DHS Special Purpose Trust Fund. The allocation of spending and timing of expenditures between the two funds are also factors.

Child Care Development Block Grant receipts decreased $7,758 or 10% from fiscal year 2010 to 2011. This is the result of an overall decrease in spending between the General Revenue Fund and the DHS Special Purposes Trust Fund. The allocation of spending and timing of expenditures between the two funds are also factors.

Mental Health Fund – 0050

Patient care reimbursements and miscellaneous collections receipts decreased $2,834 or 10% from fiscal year 2010 to 2011. The decrease is attributable to the closure of Howe Development Center in June of 2010. Also, facility receipts were not updated by the end of the fiscal year due to system changes.

Medicare Part D receipts decreased $3,536 or 45% from fiscal year 2010 to 2011. This is due to the availability of generic medications which resulted in a decrease in spending.

Vocational Rehabilitation Fund – 0081

Federal – U.S. Dept. of Health and Human Services receipts decreased $1,184 or 42% from fiscal year 2010 to 2011. This was due to the timing of Social Security Income Case Closure Incentive receipts. Incentive payments for closed cases for fiscal year 2011 were delayed until fiscal year 2012.

Federal stimulus package receipts increased $7,159 or 423% from fiscal year 2010 to 2011. This increase was due to additional ARRA funds for the Rehabilitation Services – Vocational Rehabilitation Grants to States program.

Indirect cost reimbursements from federal government decreased $1,783 or 48% from fiscal year 2010 to 2011. The decrease was due to delay of reimbursement for indirect cost reimbursements associated with the Social Security – Disability Insurance program until the end of the grant fiscal year.

Federal National Community Services Fund – 0343

Federal stimulus package receipts decreased $1,737 or 78% from fiscal year 2010 to 2011. The decrease was due to additional ARRA funding in fiscal year 2010 that was not available in fiscal year 2011.

National Community Services receipts increased $2,044 or 29% from fiscal year 2010 to 2011. The increase is due to an additional award associated with the AmeriCorps program.

Employment and Training Fund – 0347

Federal – TANF grant receipts increased $33,384 or 140% from fiscal year 2010 to 2011. The increase was due to additional payments made in fiscal year 2011 that were also made in greater amounts than in fiscal year 2010.

Federal stimulus package increased $162,050 or 984% from fiscal year 2010 to 2011. The increase was due to additional TANF – ARRA funds being available as result of the federal stimulus package for the entire year.

DHS Special Purposes Trust Fund – 0408

Federal stimulus package receipts increased $21,866 or 65% from fiscal year 2010 to 2011. The increase was due to additional ARRA funding for the Child Care program and State Administrative Matching Grants for the Supplemental Nutrition Assistance Program.

Early Intervention Services Revolving Fund – 0502

Federal – U.S. Department of Education receipts decreased $5,833 or 33% from fiscal year 2010 to 2011. The decrease is due to the Department's approach of maximizing overall program funding by utilizing available General Revenue funds and Medicaid funds before drawing from the Special Education – Grants for Infants and Families funds.

Federal stimulus package receipts decreased $7,321 or 82% from fiscal year 2010 to 2011. The Special Education – Grants for Infants and Families – ARRA funding ended during fiscal year 2011 which resulted in the decrease.

Electronic Benefits Transfers Fund – 0540

TANF receipts increased $43,286 or 41% from fiscal year 2010 to 2011. This is due to an increase in TANF caseload levels and average monthly benefits paid to recipients.

Employability development services receipts increased $1,830 or 54% from fiscal year 2010 to 2011. The increase is reflective of an increase in TANF case loads and a greater emphasis on employment and training activities.

DHS Federal Projects Fund – 0592

Federal – U.S. Dept. of Health and Human Services receipts increased $2,724 or 15% from fiscal year 2010 to 2011. This is a result of an increase in grant awards for the Family Planning - Services, Substance Abuse and Mental Health Services – Projects of Regional and National Significance, Assets for Independence Demonstration Program and Healthy Start Initiative programs of approximately $2.7 million.

Federal monies via ICJIA receipts decreased $3,015 or 92% from fiscal year 2010 to 2011. The decrease is due to the end of grants that were administered through only a portion of the State fiscal year.

State Projects Fund – 0642

Illinois Department of Children and Family Services receipts increased $1,733 or 100% from fiscal year 2010 to 2011. The increase is due to the timing of Health Works Illinois program receipts vouchered by another State agency but delayed due to cash shortages in the General Revenue Fund.

Alcoholism and Substance Abuse Fund – 0646

Federal – U.S. Dept. of Education receipts decreased $1,305 or 59% from fiscal year 2010 to 2011. This is due to the end of the Safe and Drug-Free Schools and Communities – State Grants which ended on September 30, 2010.

Federal – U.S. Dept. of Health and Human Services receipts decreased $5,860 or 53% from fiscal year 2010 to 2011. This is due to a decrease in the Substance Abuse and Mental Health Services – Projects of Regional and National Significance and the Substance Abuse and Mental Health Services – Access to Recovery grants in fiscal year 2011.

DHS Recoveries Trust Fund – 0921

IRS collections non-public assistance client receipts increased $1,239 or 40% from fiscal year 2010 to 2011. This is due to the removal of the ten-year limit on referrals of old debts. In addition, the Department was able to offset economic recovery payments and apply them to old debts.

Social Services Block Grant Fund – 0935

TANF receipts decreased $24,777 or 66% from fiscal year 2010 to 2011. This is due to the Department no longer claiming Home Services Program expenditures as part of the TANF program as of September 30, 2010.

Analysis of Significant Lapse Period Spending

The Department's explanation for significant fluctuations in lapse period expenditures is detailed below (amounts expressed in thousands).

Fiscal Year 2010

Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund – 0013

Addiction Treatment lapse period expenditures totaled $17,861 or 32% of total expenditures for fiscal year 2010. The majority of expenditures paid during lapse period were for DASA processed payments for May services at the end of July 2010 which did not clear the Comptroller until July 2010.

Employment and Training Fund – 0347

Federal Stimulus – ARRA lapse period expenditures totaled $18,078 or 52% of total expenditures for fiscal year 2010. The majority of expenditures paid during lapse period were a result of the launch of the Putting Illinois to Work program. These expenditures were processed late in the fiscal year.

DHS Special Purposes Trust Fund – 0408

Federal Stimulus – ARRA lapse period expenditures totaled $10,896 or 25% of total expenditures for fiscal year 2010. The majority of expenditures paid during lapse period were for payment of Child Care Certificates processed late in the fiscal year.

Employment and Social Service Program (non-appropriated) lapse period expenditures totaled $2,231 or 27% of total expenditures for fiscal year 2010. The majority of expenditures paid during lapse period were for the final quarterly payments of the University of Illinois Family Nutrition Program.

Early Intervention Services Revolving Fund – 0502

Community Youth Services lapse period expenditures totaled $20,724 or 15% of total expenditures for fiscal year 2010. The majority of the expenditures paid during lapse period were for May 2010 and June 2010 services.

DHS Federal Projects Fund – 0592

Community Health lapse period expenditures totaled $2,944 or 21% of total expenditures for fiscal year 2010. The majority of the expenditures paid during lapse period were for June 2010 payments for Family Planning Services.

Maternal and Child Health Services Block Grant Fund – 0872

Community Health expenditures totaled $3,004 or 16% of total expenditures for fiscal year 2010. The majority of expenditures paid during lapse period were for child care program expenditures which are paid on a quarterly basis where the final quarter is paid in July.

Fiscal Year 2011

Vocational Rehabilitation Fund – 0081

Federal Stimulus – ARRA lapse period expenditures totaled $4,222 or 37% of total expenditures for fiscal year 2011. The majority of expenditures paid during lapse period were for staff payrolls and payments to vendors for rate studies paid late in the fiscal year.

Employment and Training Fund – 0347

Employment and Social Service Program lapse period expenditures totaled $48,498 or 46% of total expenditures for fiscal year 2011. Lapse period expenditures were significant due to the timing of vendor invoices received late in the fiscal year.

Health and Human Services Medicaid Trust Fund – 0365

Mental Health Grants-in-aid and Purchase of Care lapse period expenditures totaled $4,495 or 23% of total expenditures for fiscal year 2011. The majority of expenditures paid during lapse period were for mental health Medicaid services processed late in the fiscal year.

Local Initiative Fund – 0762

Employment and Social Service Program lapse period expenditures totaled $2,829 or 15% of total expenditures for fiscal year 2011. Lapse period expenditures were significant due to the timing of vendor invoices received late in the fiscal year.

Analysis of Changes in State Property

Schedule 7, the Schedule of Changes in State Property summarizes changes in the Department's fixed assets during fiscal years 2011 and 2010.

During the fiscal years 2010 and 2011, the major additions to inventory can be directly traced to the purchase of Drug Cart Dispensing Systems and Unit Dose Machines by the Bureau of Pharmacy and Clinical Services. Other additions to inventory include equipment that was transferred from other agencies to be consolidated with the print shop at the Department. There were also reductions in inventory during fiscal years 2010 and 2011. The major reductions can be attributed to the information technology and major moveable equipment reported as surplus to the Department of Central Management Services (CMS). In addition, the continuing effort to adhere to the Governor's initiative regarding the transfer of the information technology infrastructure to CMS was still ongoing (transfers of servers, UPS, switches, etc) , as well as scrapping of broken equipment that was unable to be repaired or was of no economic value for reissue or surplus.

Analysis of Accounts Receivable

Receivables of the Department consist of reimbursements or formula allocation amounts due to the Department for administration of federal grant awards, recoveries of public assistance grant funds, recipient services and rebates. The principal federal grantor agencies are the U.S. Departments of Health and Human Services, Education, and Agriculture, and the Social Security Administration. In addition to routine collection processes, the Department utilizes private collection services and the Comptroller's Treasury Offset System to collect receivables.

Other receivables, net, include an allowance for uncollectibles of $456,511 and $463,974 (expressed in thousands) for fiscal years 2011 and 2010, respectively. Loans and notes receivable, net, include an allowance for uncollectibles of $36 and $54 (expressed in thousands) for fiscal years 2011 and 2010, respectively. The amounts due from other funds and component units are amounts due from other State agencies and related organizations and are all considered fully collectible.

The following is a schedule of receivable balances (expressed in thousands) at June 30, 2011 and 2010, respectively.

	Total June 30, 2011	Total June 30, 2010
Taxes receivable, net	$ 238	$ 246
Due from other government – federal	236,716	263,660
Due from other government – local	516	3,247
Other receivables, net	52,764	49,400
Due from fiduciary funds	1	-
Due from other State funds	46,163	4,035
Due from component units	190	150
Loans and notes receivable, net	456	478
	$ 337,044	$ 321,216

Schedule of Indirect Cost Reimbursements

The Illinois Department of Human Services claims indirect costs for the grant programs in two different ways. The Department has two cost plans. One is a Public Assistance Cost Allocation Plan (PACAP) approved by the U.S. Department of Health and Human Services, Division of Cost Allocation effective for State fiscal year 2011. This plan represents the direct costs for the Department. The second cost plan is a Department Indirect Cost Allocation Plan (DICAP) approved by the U.S. Department of Health and Human Services effective for State fiscal year 2010. The implementation of both cost plans assures that cost recovery for federal grants is maximized.

The DICAP is compiled for a given State fiscal year after the close of the State fiscal year. The costs from the annual DICAP are added to the PACAP allocations each quarter. The PACAP allocations reflect the current quarter expenditures and charges to the respective grant programs.

The process for indirect cost recovery is as described above for all Department grant programs except the Social Security Administration Disability Determination Program and the Division of Rehabilitation Services Vocational Rehabilitation Program. The costs compiled in the DICAP attributable to these two areas/programs are converted to an indirect rate and applied to the direct personal services cost pool to derive the indirect costs for these two respective areas. The federal agencies responsible for these two areas of the Department have required indirect rates rather than indirect amounts as calculated in the above described process.

The following are the indirect cost reimbursements deposited by the Department for the fiscal years ended June 30, 2010 and 2011:

Fiscal Year 2011

Program	
Food Stamp Program	$ 23,346,992
Temporary Assistance for Needy Families (TANF)	8,971,404
Child Care Development Fund	8,439,802
Social Service Block Grant (SSA, Title XX)	521,573
Substance Abuse Prevention and Treatment Block Grant	1,525,734
Supplemental Nutrition Program for Women, Infants and Children (WIC)	1,373,423
Maternal and Child Health Block Grant (SSA, Title V)	1,036,203
Social Security Disability Program (SSA, sec. 221(b))	1,926,759
Vocational Rehabilitation	8,841,699

Fiscal Year 2010

Program	
Food Stamp Program	$ 22,125,329
Temporary Assistance for Needy Families (TANF)	8,247,785
Child Care Development Fund	9,055,985
Social Service Block Grant (SSA, Title XX)	491,072
Substance Abuse Prevention and Treatment Block Grant	1,315,725
Supplemental Nutrition Program for Women, Infants and Children (WIC)	1,244,935
Maternal and Child Health Block Grant (SSA, Title V)	830,315
Social Security Disability Program (SSA, sec. 221(b))	3,702,062
Vocational Rehabilitation	8,557,009

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ANALYSIS OF OPERATIONS

DEPARTMENT FUNCTIONS AND PLANNING PROGRAM

For the Years Ended June 30, 2011 and 2010

Illinois House Bill 2632 created the Illinois Department of Human Services (Department) which on July 1, 1997 consolidated the Departments of Alcoholism and Substance Abuse, Mental Health and Developmental Disabilities, and Rehabilitation Services, along with the client-centered services provided through the Departments of Children and Family Services, Healthcare and Family Services and Public Health. The Department established as its primary mission to assist Illinois residents to achieve self-sufficiency, independence and health, to the maximum extent possible, by providing integrated family-oriented services, promoting prevention and establishing measurable outcomes, in partnerships with communities. The current Secretary for the Department of Human Services is Michelle R.B. Saddler.

The Department's mission is carried out through the following divisions: Alcohol and Substance Abuse, Community Health and Prevention, Developmental Disabilities, Human Capital Development, Mental Health, Rehabilitation Services, and Administration. The Department is the largest agency in the State with a headcount of 13,637 for the period ending June 30, 2011.

Department Planning Process

The Department of Human Services is required by 20 ILCS 10 to submit an annual plan which includes a description of Department programs, program objectives, qualitative and quantitative data on accomplishments and expenditures, a family impact statement and an analysis of legislation or court decisions which may affect service delivery. The Department has developed Human Services Plans through fiscal year 2012. All the Department divisions and offices work toward the accomplishment of the Department's overall Human Services Plan.

The Department's Vision Statement

The Department is a customer-centered, pro-active social service delivery agency that engages stakeholders to effectively address social issues. Services are delivered efficiently and expediently with personalized care, utilizing innovative, user-friendly technology.

The Department's Mission Statement

To assist customers to achieve maximum self-sufficiency, independence and health through the provision of seamless, integrated services for individuals, families and communities.

The Department's Strategic Initiatives and Objectives were created around seven priorities. The Department's Executive Leadership Team selected the seven priorities based upon the broad crosscutting nature of each. The following are the Department's Strategic Planning Priorities for fiscal years 2010-2012:

Priority 1. Self – Sufficiency
Collaborate with human service agencies to help families and individuals obtain economic stability.

Priority 2. Independence
Collaborate with human service agencies to effectively help individuals with disabilities to maximize independence.

Priority 3. Health
Collaborate with human service agencies to improve the health and well-being of individuals and families and provide effective treatment to individuals in need.

Priority 4. Safety
Collaborate with state and community agencies to implement effective systems that ensure the safety of Illinois residents.

Priority 5. Fiscal Responsibility
Devise and implement best business practices that maximize and expand the State's resources.

Priority 6. Integration
Implement cross cutting processes that enhance achievement of the Department's core mission and provide seamless integrated services for individuals, families and communities.

Priority 7. Workforce
Implement hiring, training and development processes that enhance achievement of the Department's core mission and ensure an ethical, diverse and competent workforce.

Fiscal Year 2011 Strategic Plan Review Process
The review process for Program Divisions was incorporated into the Department's budget review process. At least once per quarter during scheduled monthly Budget meetings each Division's plan was reviewed.

The review process for Administrative and Executive Offices was completed by the Executive Leadership Team (ELT), which met quarterly to review Administrative and Executive Office objectives and progress toward objectives. The ELT consisted of the Chief Financial Officer (CFO), Chief Operating Officer (COO), Budget Director, Chief of Staff and both Assistant Secretaries.

Executive Offices

Office of Community Relations (OCR)

The mission of the OCR is to promote public awareness and usage of programs and services, and to work with the Department's divisions to foster relationships of goodwill with the Department's staff and customers, grassroots organizations, advocates, contracted providers, elected officials, and the philanthropic and business communities. While the office continues to lose staff, budget and resources, it has been able to engage in a variety of strategic outreach activities.

Office of Legal Services (OLS)

The Office of Legal Services is subdivided into several divisions and mirrors the organizational structure of the Department. The office's main purpose is to devise and implement best business practices that maximize and expand State resources.

Office of Grants Administration (OGA)

The Office of Grants Administration is responsible for the identification of funding availability for the coordination of resources in the acquisition and management of funds. In addition, the office is responsible for the development of programs and evaluation designs.

Office of Strategic Planning (OSP)

The Office of Strategic Planning ensures the participation of all Department organizational areas in the development of the Department's priorities, objectives, and performance measures. The Office compiles the agency-wide Strategic Plan and conducts quarterly review sessions. In addition, the Office implemented the Local Offices Initiative to improve customer service and the Assets Illinois program to assist low income families in the purchase of homes or continuing their education at Illinois public colleges or universities. The Office attempts to help individuals and families obtain economic stability.

Office of Inspector General (OIG)

The Office of the Inspector General is responsible for assisting agencies and facilities in prevention of abuse, neglect, and mistreatment and to foster humane, competent, and respectful treatment of individuals with mental and developmental disabilities. The Office implements effective systems to ensure safety and reduce the incidence of abuse and neglect of Illinois residents with disabilities.

Office of Security and Emergency Preparedness (OSEP)

The Office of Security and Emergency Preparedness is responsible for workplace and environmental safety, workplace violence, security, and emergency preparedness and response. The Office collaborates with both state and community agencies to implement effective systems to ensure the safety of Illinois residents. In addition, the Office ensures that all Department offices maintain a safe work environment. Current initiatives include developing and implementing on-line, on demand training for workplace and environmental safety, workplace violence prevention and response, provide cyclical environmental safety training, and physical and cyber security through collaboration efforts with Department of Central Management Services and the Department's Office of Management Information Services.

Office of Hispanic and Latino Affairs (OHLA)

The Office of Hispanic/Latino Affairs (OHLA) is responsible for the development and delivery of quality services and information by providing translation and interpretation services, services related presentations, workshops, and seminars. The Office maintains a statewide database of community organizations and agencies which serve the Hispanic community and assists the Department's human resource office in recruitment initiatives for Hispanic candidates and immigrant transition to United States citizenship. The office continues to improve and expand services for the Latino community through semi-annual meetings with Department division directors.

Administrative Offices

Office of Contract Administration (OCA)

The Office of Contract Administration is responsible for a variety of contract related tasks. The Office is comprised of three bureaus including contract compliance, obligation management, and policy and review.

The Bureau of Contract Compliance conducts on-site reviews of service providers to assess compliance with federal and state fiscal and administrative rules. In addition, the bureau prepares and monitors corrective action plans as a result of the on-site reviews.

The Bureau of Obligation Management processes grants and purchases of care contracts, amendments, and modifications for community service providers and programs. The bureau also serves as the liaison between the Department of Human Services and the Office of the Comptroller concerning grants, contracts, and other obligation issues. In addition, the bureau must maintain official contract files and approval forms, perform desk reviews of audit/financial reports submitted by service providers, and analyze reports for compliance with applicable federal, state and Department financial reporting requirements. Finally, the bureau is responsible for identifying lapse funds in accordance with the Illinois Grant Funds Recovery Act.

The Bureau of Policy and Review is responsible for coordinating the distribution and monitoring of the Consolidated Financial Report. The bureau compiles and reports all federal funds information derived from the Department's accounting system and received from community providers and prepares management reports on contracts and obligations from available databases.

Office of Human Resources (HR)

The Office of Human Resources is responsible for employing qualified personnel and providing equal employment opportunities in a manner that does not discriminate. The Bureau of Recruitment and Selection seeks out individuals interested in employment at the Department of Human Services. The bureau is responsible for assisting in recruitment activities, community events, and outreach programs to assist in the application process. In addition, the bureau is responsible for conducting interviews of viable, qualified candidates for the specific positions available in accordance with applicable rules, laws, and regulations.

State Procurement Office (SPO)

The State Procurement Office ensures that appropriate and efficient purchasing processes are developed and followed. The State Procurement Office has ensured that agency staff received a full understanding of the State of Illinois Business Enterprise Program (BEP) by creating a Business Enterprise Team made up of the Department's Program and Administrative office procurement staff. Monthly and quarterly meetings were held with the SPO's office. Discussions included BEP goals, creation of new objectives and creation of individual BEP Compliance Plans. The SPO has established quarterly workshops for staff to ensure awareness of the Procurement Business Case system. These workshops assist in bringing transparency to the Department's procurement process. Finally, the Office has developed a Department solicitation library, accessible by Department procurement staff, to provide various examples of procurement solicitations.

Office of Business Services (OBS)

The Office of Business Services is responsible for facility contracts and procurement, central office procurement, administrative vouchering, travel coordination, forms design, facility operations, Springfield/Chicago warehouses, print shop, mail processing, records storage, capital projects and inventory control.

Office of Fiscal Services (OFS)

The Office of Fiscal Services is responsible for expenditure accounting processes, monitoring and reporting disbursements, and establishing, reviewing and coordinating accounting policy. In addition, the Office is responsible for completion of federal reporting and related functions, general accounting procedures, and generating reports form the Consolidated Accounting and Reporting System (CARS) information warehouse. Finally, the Office maintains the Help Desk and maintenance for the CARS accounting system.

Office of Clinical, Administrative and Program Support (OCAPS)

The Office of Clinical, Administrative and Program Support is responsible for efficient and effective management of clinical, administrative, and program support services to the Division of Alcohol and Substance Abuse, Division of Developmental Disabilities, Division of Mental Health, Division of Rehabilitation Services, and Human Capital Development. The office is comprised of three bureaus including Bureau of Accreditation, Licensure and Certification, Bureau of Administrative Support, and Bureau of Pharmacy and Clinical Support Services.

The Bureau of Accreditation, Licensure and Certification (BALC) conducts licensure, certification and compliance surveys. The bureau monitors compliance with national accreditation requirements for the Division of Rehabilitation Services and the Division of Mental Health community agencies. In addition, the bureau certifies Medicaid Community Mental Health programs and conducts post payment reviews. Finally, the bureau conducts compliance surveys of developmental disabilities agencies.

The Bureau of Administrative Support prepares and processes payments to individuals and community providers for program offices. In addition, the bureau provides research and development assistance in the fields of budget and data support, provides fiscal management reports, and technical assistance in the areas of payments, budget development, and fiscal management for the program offices.

The Bureau of Pharmacy and Clinical Support Services administers drug procurement activities, provides clinical direction and monitoring of pharmacy staff, and oversees laboratory services. In addition, the bureau administers the electronic Prescription Monitoring program and the Department's Firearm Owner's Identification (FOID) program. The bureau chairs the Department's Mental Health and Developmental Disabilities Pharmacy and Therapeutics Committee. Finally, the bureau provides consultation to the program offices relative to staffing, ethical, legal, licensing and other operational issues.

Office of Management Information Services (MIS)

MIS is responsible for providing timely, reliable and user friendly computer systems to enable staff to better serve the customers and providers of the Department. The Framework Initiative is responsible for ensuring that applications are evaluated, modernized, and consolidated. The Framework Initiative works with federal agencies in the Planning Advance Planning Document (PAPD) process.

Office of Compliance and Workplace Safety (CAWS)

CAWS is charged with ensuring compliance with the Americans with Disabilities Act as it relates to access to employment, program and services and facilities by persons with disabilities. CAWS has been working to compile a database of the Department's accessibility site surveys with recommendations for building improvements. Communication access is paramount and CAWS has developed a Communication Access workshop to deliver to the Department's local offices to ensure effective communication for persons who are deaf and/or hard-of-hearing. CAWS worked with the Bureau of Training and Development to deliver a curriculum for supervisors on "Meeting the Challenge of Inclusion" addressing the needs of employees and customers with disabilities. One of the goals of CAWS is to implement a Department World Class Helpline/Call Center. The Department has been working to automate various functions that will allow staff to work more efficiently, such as the planned Phone Stamps Interview, a re-determination process via toll free computer telephone system. There are plans for additional automation projects such as a central automated process to capture and deliver change of address, out of state data and Medicaid Spend down information. The agency will need to strategically update the Department's Helpline with multi-channel access. Each year, the Department's Helpline staff serves an estimated 4,980,000 customers who contact the Call Center. The average call wait times for an agent is between 45 to 60 minutes on the Fraud, Change Report and Intervention cues and the percentage of Department's Helpline calls abandoned are no higher than 45%. On the Integrated Voice Response, the call wait times are 3 minutes. One of Department's goals is to increase federal Medicaid match by stabilizing Recipient Identification Number (RIN) operations. CAWS plans to secure a contract to perform RIN operations. The Department is examining how to deliver Platinum Customer Services by forming a Committee to review best practices to implement system wide improvements in customer service by creating a work environment that results in a positive experience for customers and staff.

Bureau of Policy (BP)

The Bureau of Policy is responsible for the creation and dissemination of internal Department policies including Administrative and Program directives. Bureau personnel develops policy, assures that proposed policy is circulated for review by executive staff, and indexes and publishes final policies within the Department of Human Services.

Bureau of Civil Affairs (BCA)

The Bureau of Civil Affairs is responsible for providing fair and unbiased treatment to employees and individuals requesting services from the Department of Human Services. The bureau is committed to creating a discrimination and harassment free environment for both employees and customers.

Program Divisions

Division of Alcohol and Substance Abuse Treatment (DASA)

DASA is responsible for providing intervention, treatment, rehabilitation and other services to those who misuse alcohol or drugs through facilities of federal and local government and community based organizations. DASA is committed to providing services to assist these individuals to lead healthy and drug-free lives and to become productive citizens in the community. In 1999, the Governor issued Executive Order #9 which designated DASA as the lead agency for all substance abuse issues for the State if Illinois.

DASA consists of various bureau's designed to develop, maintain, monitor and evaluate a statewide treatment delivery system to provide screening, assessment, customer-treatment matching, referral, intervention, treatment and continuing care services for individuals with alcohol and drug abuse and dependency problems. The services are provided by various community-based substance abuse treatment organizations contracted by DASA.

The Access to Recovery program, part of a Presidential initiative, attempts to expand the capacity for treatment and recovery support services and options including faith-based programmatic options through increasing the array of providers available to clients for clinical treatment and recovery support services. The program supports the genuine client choice of service providers.

Division of Community Health and Prevention (CHP)

Community Health and Prevention improves the health and well-being of families and individuals through partnerships and services that build community competence. The division is organized into five organizational units consisting of reproductive and early childhood services, youth and adult services, community support services, fiscal support services, and program planning and development. Each organizational unit is further divided into bureaus that are responsible for administering multiple programs geared towards achieving the divisions overall goals.

Reproductive and Early Childhood Services is an organizational unit comprised of bureaus that target services towards mothers, potential mothers, and families with young children. The Youth and Adult Services organizational unit includes bureaus that target services towards youth and young adults. The Community Support Services unit monitors the activities of the other divisions in order to support and enhance services by performing program reviews, acting as an intermediary between communities and the Division of Community Health and Prevention's bureaus and programs, and providing programmatic technical assistance as needed. The Fiscal Support Services organizational unit supports the Division of Community Health and Prevention through management of Financial and Accounting processes including Federal Grants, Grants to Providers, Contracts, and Budgets. In addition, the unit includes the Bureau of Division Support Services which is responsible for asset management, warehouse management, telecommunications, management, information systems, and space needs. Finally, the organizational unit of Program Planning and Development supports the program development of the division through needs assessment, program design, funding, provider selection, implementation, performance monitoring and evaluation.

Division of Developmental Disabilities (DDD)

The Division of Developmental Disabilities provides quality, outcome-based, person-centered services and support for individuals with developmental disabilities and their families. The division provides residential living arrangements, in-home support, day services, and early intervention services for children ages 0 to 3. Residential living arrangement services and in-home support services are provided to assist individuals with developmental disabilities to live with 24 hour per day monitoring or to live more independently. Skill training and job coaches are available to encourage individuals to succeed in the workplace. For individuals with more severe disabilities, on-sit technical assistance and training is available.

Division of Human Capital Development (HCD)

The Division of Human Capital Development operates Family Community Resource Centers in six regions across the state. The offices provide the local communities with cash assistance, medical assistance, food stamps, and various other family support services such as funeral and burial benefits, homeless prevention, and immigrant and refugee assistance. Services and benefits are provided to individuals based on a variety of needs. The Division's central office bureaus oversee the programs, policies, and contractual arrangements with partners and providers.

Division of Mental Health (DMH)

The Division of Mental Health is committed to helping maximize community support and develop skills for persons with serious mental illness and children with serious emotional disturbance. A range of services from intensive inpatient hospitalization to outpatient care and treatment are provided based on an individuals needs. In addition, supportive housing and employment programs throughout the state are provided. Forensic services are designed for the care and treatment of people referred through the court system. Specialized programs for children and adolescents are also provided.

Division of Rehabilitation Services (DRS)

The Division of Rehabilitation Services serves individuals with disabilities and their families to assist them in making informed choices to achieve full community participation through employment, education, and independent living opportunities. The goal of the division is to improve the independence of the individuals receiving assistance.

The division is comprised of four major bureaus including field services, blind services, home services, and disability determination services. The Bureau of Field Services is committed to obtaining and maintaining quality employment for individuals with disabilities through evaluations, guidance and counseling, education, training, physical and mental restoration, assistive devices, job development, job placement, and post-employment services. The Bureau of Blind Services, through specialized vocational rehabilitation services, short-term residential programs, independent living services, and Illinois Business Enterprise Program for the Blind helps adults who are blind or visually impaired to obtain employment, education, training, and independent living goals. The Bureau of Home Services provides services to individuals with significant disabilities to enable them to continue to live as independently as possible. The Bureau of Disability Determination Services determines eligibility of individuals to receive Social Security disability program benefits, insurance, and Supplemental Security Income.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2011, 2010 and 2009

Number of employees by division are presented as follows as of June 30:

	2011	2010	2009
Division of Administrative Services			
Secretary's Office	32	26	35
Associate Secretary	2	3	3
Assistant for Special Projects	1	2	1
Office of Contract Administration	22	21	28
Strategic Planning and Performance Management	7	4	7
Management Information Services	143	148	152
Office of Fiscal Services	118	120	115
Office of Budget	12	14	13
Hispanic/Latino Affairs	5	5	6
Office of Business Affairs	100	95	113
Office of Human Resources	79	91	102
Assistant Secretary – Chicago	9	8	7
Office of Inspector General	57	57	58
Office of Internal Audit	7	0	0
Office of Compliance Access and Workplace Safety	28	27	27
Office of Legal Services	71	78	63
Office of Press/Communications	3	3	2
Office of Legislation	6	8	8
Total Division of Administrative Services	702	710	740
Division of Community Health and Prevention			
Community Health and Prevention	58	62	62
Family Health	82	85	91
Prevention	23	25	28
Total Division of Community Health and Prevention	163	172	181

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2011, 2010, and 2009

	2011	2010	2009
Division of Human Capital Development			
Transitional Services	0	0	1
Office of Food Stamp Employability	0	0	4
Office of Child Care and Family Services	0	0	3
Office of Financial Support Services	0	0	1
Total Division of Human Capital Development	0	0	9
Division of Disability and Behavioral Health Services			
Office of Alcoholism and Substance Abuse	54	55	56
Rehabilitation Service Administration	112	88	90
Illinois School for the Deaf	219	217	243
Rehab/Education CTR - Roosevelt	57	61	66
Illinois School – Visual Impaired	106	103	131
Bureau of Field Operations	9	21	18
Bureau of Field Services – Region I	193	181	1,733
Bureau of Field Services – Region II	145	134	104
Bureau of Field Services – Region III	167	91	90
Bureau of Field Services – Region IV & V	89	143	123
Blind Services Administration	25	25	25
Rehab/Education CTR – Wood	24	24	19
Blind Services Region I	21	19	25
Blind Services Region II	12	9	11
Blind Services Region III	11	10	11
Blind Services Region IV	13	10	11
Blind Services Region V	12	10	12
Disability Determination Service	524	520	474
DD and MH Services	15	13	18
DD Central Administration	89	90	92
Fox Developmental Center	279	251	236
Howe Developmental Center	0	23	724

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
Division of Disability and Behavioral Health Services – Continued			
Jacksonville Developmental Center	470	389	408
Ann M. Kiley Developmental Center	476	422	380
Ludeman Developmental Center	791	756	613
Mabley Developmental Center	171	133	149
Murray Developmental Center	651	543	544
Shapiro Developmental Center	1,323	1,209	1,060
Mental Health Central Office	69	67	68
Alton MH and DD Center	259	249	259
Chester Mental Health Center	487	446	483
Chicago-Read Mental Health Center	281	272	293
Choate MH and DD Center	554	454	486
Elgin Mental Health Center	713	695	727
Madden Mental Health Center	310	298	295
McFarland Mental Health Center	215	213	212
Singer MH and DD Center	165	149	157
Tinley Park Mental Health Center	199	181	186
North Central Network	7	8	8
Treatment and Detention Facility	212	200	220
Clinical Administrative and Program Support	111	114	121
Total Division of Disability and Behavioral Health Services	9,640	8,896	10,981

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
Division of Community Operations			
Human Capital Development	131	136	136
Region I	1,545	1,558	166
Region II	535	515	556
Region III	284	296	321
Region IV	216	227	230
Region V	305	315	348
Service Delivery and Community Outreach	0	64	23
Management and Field Service	0	15	52
Welfare to Work Performance Management	0	28	18
Family Support Service	22	0	0
Child Care and Development	47	0	0
Program and Performance Management	15	0	0
Program Support and Fiscal Management	30	0	0
Attorney General	2	1	27
Total Division of Community Operations	3,132	3,155	1,877
GRAND TOTAL	13,637	12,933	13,788

Note: This schedule includes employees for the entire Illinois Department of Human Services including individual Mental Health and Developmental Facilities, Centers for Rehabilitation and Education and Schools for Deaf or Visually Impaired.

Several fiscal year 2009 divisions have been reclassified to conform to the current organizational structure.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2011 and 2010

Certain employees are eligible for overtime if the hours worked during a week exceed the standard workweek hours. The standard workweek hours range from 37 ½ to 40 depending on an employee's job classification. In most cases, employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. A supervisor must approve all overtime. Certain employees may receive compensatory time off in lieu of pay depending on the position classification of the employee's job title.

The following table, prepared from Department records, presents the paid overtime and earned compensatory time incurred during fiscal years 2011 and 2010.

Year Ended June 30, 2011

Central Office / Division	Overtime Hours Paid	$ Value Overtime Hours Paid	Compensatory Hours Accumulated	$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total $ Value Of Overtime & Compensatory Hours
Field Level Operations	78,540	$ 3,568,735	2,744	$ 95,696	81,284	$ 3,664,431
Administration and Program Support	15,718	713,279	7,926	286,409	23,644	999,688
Management Information Service	6,022	366,302	3,114	141,499	9,136	507,801
Disability Determination Services Bureau	26,276	1,328,714	562	25,758	26,838	1,354,472
Home Services Program	618	20,594	507	14,988	1,125	35,582
Mental Health Disability/Behavioral Program Administration	1,275	70,983	1,607	73,191	2,882	144,174
Inspector General	555	25,365	821	30,779	1,376	56,144
Developmental Disabilities Disability/Behavioral Program Administration	657	33,866	310	12,334	967	46,200
Addiction Treatment	115	6,533	111	5,206	226	11,739
Lincoln Developmental Center	-	-	-	-	-	-
Rehabilitation Service Bureaus	1,899	77,940	1,908	63,815	3,807	141,755
Disability/Behavior Health Program Administration	1,678	99,714	676	33,619	2,354	133,333
Community and Resident Services for Blind and Visually Impaired	942	36,319	1,202	40,714	2,144	77,033
Employment and Social Service Program	10	423	4	165	14	588
Juvenile Justice Program	5	292	25	1,075	30	1,367
Community Health	341	16,176	294	11,541	635	27,717
Community Youth Services	20	636	63	1,409	83	2,045
Community Health - Other	67	2,350	54	2,551	121	4,901
Total Central Office	134,738	$ 6,368,221	21,928	$ 840,749	156,666	$ 7,208,970

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2011 and 2010

Year Ended June 30, 2011

Facilities	Overtime Hours Paid	$ Value Overtime Hours Paid	Compensatory Hours Accumulated	$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total $ Value Of Overtime & Compensatory Hours
Tinley Park Mental Health Center	29,227	$ 1,474,951	3,776	$ 106,684	33,003	$ 1,581,635
Jack Mabley Developmental Center	42,337	1,247,136	3,320	81,001	45,657	1,328,137
Alton Mental Health Center	45,320	1,614,492	5,019	181,860	50,339	1,796,352
Clyde L. Choate Mental Health and Developmental Center	174,805	5,811,480	14,269	457,670	189,074	6,269,150
Chicago Read Mental Health Center	55,335	2,306,438	10,109	422,698	65,444	2,729,136
Sexually Violent Persons Program	33,509	996,269	18,010	411,498	51,519	1,407,767
H. Douglas Singer Mental Health Center	16,639	687,030	4,819	183,857	21,458	870,887
Ann M. Kiley Developmental Center	78,622	2,299,186	-	-	78,622	2,299,186
Illinois School for the Deaf	12,738	428,525	33,299	793,461	46,037	1,221,986
Illinois School for the Visually Impaired	6,757	231,924	12,701	292,536	19,458	524,460
John J. Madden Mental Health Center	62,611	2,723,240	11,275	427,680	73,886	3,150,920
Warren G. Murray Developmental Center	125,209	3,471,186	2,061	72,702	127,270	3,543,888
Elgin Mental Health Center	101,952	3,905,427	15,386	468,123	117,338	4,373,550
Chester Mental Health Center	68,314	2,468,835	6,319	260,445	74,633	2,729,280
Jacksonville Mental Health and Developmental Center	93,458	2,805,652	468	16,612	93,926	2,822,264
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	3,395	125,916	3,091	81,485	6,486	207,401
Andrew McFarland Mental Health Center	23,510	964,094	2,828	78,602	26,338	1,042,696
Gov. Samuel H. Shapiro Developmental Center	168,687	4,624,178	1,474	43,053	170,161	4,667,231
William W. Fox Developmental Center	38,470	1,145,382	365	8,687	38,835	1,154,069
Elisabeth Ludeman Developmental Center	244,229	7,540,191	3,658	134,667	247,887	7,674,858
William A. Howe Developmental Center	-	-	-	-	-	-
Total Facilities	1,425,124	46,871,532	152,247	4,523,321	1,577,371	51,394,853
Total for Department Fiscal Year 2011	1,559,862	$ 53,239,753	174,175	$ 5,364,070	1,734,037	$ 58,603,823

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2011 and 2010

Year Ended June 30, 2010

Central Office/Division	Overtime Hours Paid	$ Value Overtime Hours Paid	Compensatory Hours Accumulated	$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total $ Value Of Overtime & Compensatory Hours
Field Level Operations	29,660	$ 1,315,088	2,156	$ 72,283	31,816	$ 1,387,371
Administration and Program Support	10,290	399,127	4,678	154,491	14,968	553,618
Management Information Service	5,107	300,900	2,577	111,986	7,684	412,886
Disability Determination Services Bureau	36,267	1,736,583	773	29,735	37,040	1,766,318
Home Services Program	202	6,878	442	12,308	644	19,186
Mental Health Disability/Behavioral Program Administration	775	34,758	1,884	79,042	2,659	113,800
Inspector General	892	36,704	705	24,809	1,597	61,513
Developmental Disabilities Disability/Behavioral Program Administration	958	47,848	783	29,983	1,741	77,831
Addiction Treatment	34	1,501	332	14,643	366	16,144
Lincoln Developmental Center	15	810	-	-	15	810
Rehabilitation Service Bureaus	1,638	64,711	2,735	83,271	4,373	147,982
Disability/Behavior Health Program Administration	2,189	121,582	779	41,349	2,968	162,931
Community and Resident Services for Blind and Visually Impaired	526	19,892	521	15,379	1,047	35,271
Employment and Social Service Program	29	1,692	6	221	35	1,913
Juvenile Justice Program	-	-	5	152	5	152
Community Health	167	6,550	200	7,336	367	13,886
Community Youth Services	2	35	56	1,464	58	1,499
Community Health - Other	30	1,398	20	878	50	2,276
Total Central Office	88,781	$ 4,096,057	18,652	$ 679,330	107,433	$ 4,775,387

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2011 and 2010

Year Ended June 30, 2010

Facilities	Overtime Hours Paid	$ Value Overtime Hours Paid	Compensatory Hours Accumulated	$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total $ Value Of Overtime & Compensatory Hours
Tinley Park Mental Health Center	29,819	$ 1,513,038	2,929	$ 75,200	32,748	$ 1,588,238
Jack Mabley Developmental Center	55,645	1,629,524	3,849	99,601	59,494	1,729,125
Alton Mental Health Center	48,582	1,740,708	7,330	252,381	55,912	1,993,089
Clyde L. Choate Mental Health and Developmental Center	157,862	4,947,811	14,220	431,366	172,082	5,379,177
Chicago Read Mental Health Center	65,273	2,528,615	8,852	369,347	74,125	2,897,962
Sexually Violent Persons Program	30,139	867,942	15,642	352,305	45,781	1,220,247
H. Douglas Singer Mental Health Center	18,371	677,674	4,327	154,452	22,698	832,126
Ann M. Kiley Developmental Center	152,958	4,371,709	23	712	152,981	4,372,421
Illinois School for the Deaf	16,498	489,189	32,798	753,482	49,296	1,242,671
Illinois School for the Visually Impaired	6,804	218,559	11,781	270,547	18,585	489,106
John J. Madden Mental Health Center	49,193	1,980,890	9,365	375,468	58,558	2,356,358
Warren G. Murray Developmental Center	185,258	5,106,698	2,637	91,480	187,895	5,198,178
Elgin Mental Health Center	87,215	3,284,111	13,747	400,797	100,962	3,684,908
Chester Mental Health Center	70,280	2,478,642	5,338	220,723	75,618	2,699,365
Jacksonville Mental Health and Developmental Center	137,433	3,935,747	266	9,092	137,699	3,944,839
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	3,495	119,338	2,897	76,400	6,392	195,738
Andrew McFarland Mental Health Center	22,220	862,151	4,067	108,891	26,287	971,042
Gov. Samuel H. Shapiro Developmental Center	260,121	6,893,480	1,134	38,956	261,255	6,932,436
William W. Fox Developmental Center	58,653	1,702,835	1,961	36,935	60,614	1,739,770
Elisabeth Ludeman Developmental Center	277,168	7,970,806	4,477	144,770	281,645	8,115,576
William A. Howe Developmental Center	174,021	5,596,731	1,971	96,477	175,992	5,693,208
Total Facilities	1,907,008	58,916,198	149,611	4,359,382	2,056,619	63,275,580
Total for Department Fiscal Year 2010	1,995,789	$ 63,012,255	168,263	$ 5,038,712	2,164,052	$ 68,050,967

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

EMERGENCY PURCHASES

Year Ended June 30, 2011

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Chester Mental Health Center	Emergency health care for patient who suffered injury by another patient	$ 200,000	Estimate
Business Services	Choate Mental Health Center	Replacement voltage regulator in the power plant	70,691	Actual
Business Services	Shapiro	Replacement of forty ton chiller	64,000	Estimate
Business Services	Treatment and Detention Facility	Food services contract extended to allow time for the competitive bid process	110,836	Actual
Business Services	Elgin Mental Health Center	Replacement of electrical cable due to manhole malfunction	300,000	Estimate
Business Services	Central Office	Vendor's current contract extended 3 months for scientific evaluation of infant mortality reduction initiative services	16,250	Actual
Business Services	Central Office	Vendor's current contract extended 3 months for the Community Health Training Center to allow time for competitive bid process	248,893	Actual

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

EMERGENCY PURCHASES

Year Ended June 30, 2011

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Central Office	Extension on contract to continue to develop, administer, and provide follow-up services for the Illinois Youth Survey	$ 104,454	Actual
Business Services	Chester Mental Health Center	Extension on contract for psychiatrist evaluations and psychiatric coverage to allow time for the competitive bid process	432,964	Actual
Business Services	Singer Mental Health Center	Replacement of computer which operated building controls software	21,005	Actual
Business Services	Singer Mental Health Center	Replacement of elevator parts in order to be in compliance with State Fire Marshal	32,375	Actual
Business Services	Central Office	Extension of contract for technology services to allow time for competitive bid process	65,625	Actual
Business Services	Jacksonville Development Center	Repair of a steam leak from a main pipe	50,000	Estimate
Business Services	Central Office	Extension of contract with vendor who processes Medicare claims for the Department	245,000	Estimate

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

EMERGENCY PURCHASES

Year Ended June 30, 2011

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Central Office	Reconfiguration of furniture for relocation	$ 61,575	Actual
Business Services	Ludeman Developmental Center	Replacement of damaged freezer and compressor	12,300	Actual
Business Services	Tinley Park Mental Health Center	Temporary generator and fuel unit due to the failure of a heat transformer	48,664	Actual
Business Services	Elgin Mental Health Center	Emergency service for a burst water pipe that affected the computer and phone systems	129,155	Actual
Business Services	Singer Mental Health Center	Replacement of a large primary air handler	15,000	Estimate
Business Services	Singer Mental Health Center	Repairs to two large high pressure boilers	10,000	Estimate
Business Services	Central Office	Short term information technology services to update current systems	408,720	Estimate
Business Services	Central Office	Extension of contract for billings related to the Early Intervention Program to allow time for the competitive bid process	255,404	Actual

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

EMERGENCY PURCHASES

Year Ended June 30, 2011

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Central Office	To appoint a monitor over a provider who was found to be neglecting and abusing residents	$ 49,300	Estimate
Business Services	Shapiro Developmental Center	Installation of new smoke detectors to replace nonoperational detectors	30,625	Actual

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

EMERGENCY PURCHASES

Year Ended June 30, 2010

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Choate Mental Health Center	Replacement of equipment for the ash silo	$ 80,000	Estimate
Business Services	Central Office	Extension of contract to avoid disruption of services with United Parcel Service	105,315	Estimate
Business Services	Central Office	Extension of contract to avoid disruption of mailing process	59,811	Estimate
Business Services	Chester Mental Health Center	Survey of the facility's HVAC system due to mold growth and dew accumulation	100,000	Estimate
Business Services	Choate Mental Health Center	Replacement of roof that is leaking	55,000	Estimate
Business Services	Chicago Read Mental Health Center	Replacement of cooling coil which developed leaks in the winter	64,290	Estimate
Business Services	Murray Developmental Center	Replacement of freezer that failed	85,000	Estimate
Business Services	Elgin Mental Health Center	Temporary chillers while permanent units can be replaced	32,100	Estimate

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

EMERGENCY PURCHASES

Year Ended June 30, 2010

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Tinley Park Mental Health Center	Temporary chiller and fuel unit and the purchase and installation of a new cooling unit	$ 931,632	Actual

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

MEMORANDUMS OF UNDERSTANDING

Fiscal Years Ended June 30, 2011 and 2010
(Unaudited)

	MOU Award	Expenditures through June 30	Award Balance as of June 30	Award Description
Fiscal Year 2010:				
Department of Veterans' Affairs	$ -	$ -	$ -	Conduct payroll and timekeeping on behalf of DVA
Federal Bureau of Investigation	-	-	-	Provide data to FBI for National Instant Criminal Background Check System
Chicago Workforce Center Partners for City of Chicago	21,322	-	21,322	Support for an integrated workforce delivery system
Secretary of State	-	-	-	Obtain information on those that surrendered a driver's license or ID
Fiscal Year 2011:				
Department of Veterans' Affairs	-	36,785	-	Conduct payroll and timekeeping on behalf of DVA
Federal Bureau of Investigation	-	-	-	Provide data to FBI for National Instant Criminal Background Check System
Chicago Workforce Center Partners for City of Chicago	21,322	-	21,322	Support for an integrated workforce delivery system
Secretary of State	-	-	-	Receive information on those that surrendered a driver's license or ID

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

ANNUAL COST STATISTICS
(Unaudited)

Fiscal Years Ended June 30, 2011 and 2010

OFFICE OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

The following annual cost statistics have been accumulated for the years ended June 30, 2010 and 2011 (All amounts are in thousands except for average cost per day):

	Mental Health		Developmental Disabilities		Total	
	2011	2010	2011	2010	2011	2010
Accumulated costs	$ 380,508	$ 347,257	$ 385,452	$ 381,179	$ 765,960	$ 728,436
Allocated overhead	22,939	24,530	23,428	26,823	46,367	51,353
Less:						
Extramural services	383	342	-	61	383	403
Clothing	232	404	61	239	293	643
Donated commodities	-	-	5	3	5	3
Miscellaneous income	47	85	9	29	56	114
Total costs	402,785	370,956	408,805	407,670	811,590	778,626
Patient days	524	553	686	837	1,210	1,390
Average cost per day	$ 769	$ 671	$ 596	$ 487	$ 671	$ 560

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
FACILITY/ SCHOOL STATISTICS
FOR THE YEARS ENDED JUNE 30, 2011, 2010 and 2009
(Unaudited)

	2011			
	Average # of Employees ^	Average # of Residents / Students	Average Yearly Cost Per Resident / Student *	Ratio of Employees to Residents / Students
Developmental Centers				
Fox Developmental Center	265	118	$ 239,091	2.25 to 1
Howe Developmental Center	12	-	-	-
Jacksonville Developmental Center	430	201	222,278	2.14 to 1
Kiley Developmental Center	449	219	212,231	2.05 to 1
Ludeman Developmental Center	774	408	213,291	1.90 to 1
Mabley Developmental Center	152	87	196,190	1.75 to 1
Murray Developmental Center	597	283	219,241	2.11 to 1
Shapiro Developmental Center	1,266	564	218,618	2.24 to 1
Subtotal	3,945	1,880		
Mental Health Centers				
Chester Mental Health Center	467	240	229,757	1.98 to 1
Chicago-Read Mental Health Center	277	110	347,780	2.52 to 1
Elgin Mental Health Center	704	378	246,583	1.86 to 1
Madden Mental Health Center	304	124	343,531	2.45 to 1
McFarland Mental Health Center	214	109	269,386	1.96 to 1
Tinley Park Mental Health Center	190	62	478,852	3.06 to 1
Alton Mental Health Center	254	124	279,306	2.05 to 1
Treatment & Detention Facility***	206	428	24,727	.48 to 1
Subtotal	2,616	1,575		
Mental Health & Developmental Centers				
Choate Mental Health & Dev. Center	504	219	269,213	2.30 to 1
Singer Mental Health & Dev. Center	157	68	307,910	2.31 to 1
Subtotal	661	287		
Rehabilitation Services				
ICRE - Roosevelt	59	42	**	1.40 to 1
Illinois School for the Visual Impaired	105	115	**	0.91 to 1
Illinois School for the Deaf	218	292	**	0.75 to 1
Subtotal	382	449		
Grand Total	7,604	4,191		

* Average Yearly Cost Per Resident / Student information was derived from per-resident costs accumulated by the Department's Management Cost System. The Average Yearly Cost Per Resident / Student includes depreciation and an allocation of costs incurred by the Central Office and other State agencies and was not verified.

** Fiscal Year 2011 Average Yearly Cost Per Resident / Student information was not available at the close of fieldwork

*** The Treatment & Detention Facility average yearly cost per resident was computed using expenditures from all sources. In addition, the average number of residents/students was computed utilizing the beginning and ending figures from each fiscal year.

^ The average number of employees was computed utilizing the beginning and ending figures from each fiscal year.

(continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
FACILITY/ SCHOOL STATISTICS
FOR THE YEARS ENDED JUNE 30, 2011, 2010 and 2009
(Unaudited)

	2010			
	Average # of Employees ^	Average # of Residents / Students	Average Yearly Cost Per Resident / Student*	Ratio of Employees to Residents / Students
Developmental Centers				
Fox Developmental Center	244	125	$ 211,265	1.95 to 1
Howe Developmental Center	374	-	-	-
Jacksonville Developmental Center	399	203	212,620	1.97 to 1
Kiley Developmental Center	401	214	205,913	1.87 to 1
Ludeman Developmental Center	685	380	191,468	1.80 to 1
Mabley Developmental Center	141	86	162,270	1.64 to 1
Murray Developmental Center	544	288	202,451	1.89 to 1
Shapiro Developmental Center	1,135	532	202,265	2.13 to 1
Subtotal	3,923	1,828		
Mental Health Centers				
Chester Mental Health Center	465	236	227,914	1.97 to 1
Chicago-Read Mental Health Center	283	121	318,868	2.34 to 1
Elgin Mental Health Center	711	377	235,161	1.89 to 1
Madden Mental Health Center	297	122	330,344	2.43 to 1
McFarland Mental Health Center	213	112	251,931	1.90 to 1
Tinley Park Mental Health Center	184	61	434,940	3.02 to 1
Alton Mental Health Center	254	118	286,419	2.15 to 1
Treatment & Detention Facility***	210	383	25,590	.55 to 1
Subtotal	2,617	1,530		
Mental Health & Developmental Centers				
Choate Mental Health & Dev. Center	470	219	258,556	2.15 to 1
Singer Mental Health & Dev. Center	153	72	286,883	2.13 to 1
Subtotal	623	291		
Rehabilitation Services				
ICRE - Roosevelt	64	42	120,851	1.49 to 1
Illinois School for the Visual Impaired	117	117	74,803	1.10 to 1
Illinois School for the Deaf	230	275	60,100	0.77 to 1
Subtotal	411	434		
Grand Total	7,574	4,083		

* Average Yearly Cost Per Resident / Student information was derived from per-resident costs accumulated by the Department's Management Cost System. The Average Yearly Cost Per Resident / Student includes depreciation and an allocation of costs incurred by the Central Office and other State agencies and was not verified.

*** The Treatment & Detention Facility average yearly cost per resident was computed using expenditures from all sources. In addition, the average number of residents/students was computed utilizing the beginning and ending figures from each fiscal year.

^ The average number of employees was computed utilizing the beginning and ending figures from each fiscal year.

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
FACILITY/ SCHOOL STATISTICS
FOR THE YEARS ENDED JUNE 30, 2011, 2010 and 2009
(Unaudited)

	2009			
	Average # of Employees ^	Average # of Residents / Students	Average Yearly Cost Per Resident / Student*	Ratio of Employees to Residents / Students
Developmental Centers				
Fox Developmental Center	236	130	$ 191,102	1.82 to 1
Howe Developmental Center	724	291	235,936	2.49 to 1
Jacksonville Developmental Center	408	209	189,719	1.95 to 1
Kiley Developmental Center	380	213	190,283	1.78 to 1
Ludeman Developmental Center	613	365	180,368	1.68 to 1
Mabley Developmental Center	149	84	181,077	1.77 to 1
Murray Developmental Center	544	298	180,474	1.83 to 1
Shapiro Developmental Center	1,060	529	191,031	2.00 to 1
Subtotal	4,114	2,119		
Mental Health Centers				
Chester Mental Health Center	483	266	197,140	1.82 to 1
Chicago-Read Mental Health Center	293	123	301,356	2.38 to 1
Elgin Mental Health Center	727	372	236,547	1.95 to 1
Madden Mental Health Center	295	126	303,152	2.34 to 1
McFarland Mental Health Center	212	111	247,599	1.91 to 1
Tinley Park Mental Health Center	186	63	382,258	2.95 to 1
Alton Mental Health Center	259	120	269,845	2.16 to 1
Treatment & Detention Facility***	220	354	26,867	0.63 to 1
Subtotal	2,675	1,535		
Mental Health & Developmental Centers				
Choate Mental Health & Dev. Center	486	228	228,610	2.13 to 1
Singer Mental Health & Dev. Center	157	70	286,070	2.24 to 1
Subtotal	643	298		
Rehabilitation Services				
ICRE - Roosevelt	66	42	139,108	1.57 to 1
Illinois School for the Visual Impaired	131	120	80,432	2.11 to 1
Illinois School for the Deaf	243	236	77,262	0.85 to 1
Subtotal	440	398		
Grand Total	7,872	4,350		

* Average Yearly Cost Per Resident / Student information was derived from per-resident costs accumulated by the Department's Management Cost System. The Average Yearly Cost Per Resident / Student includes depreciation and an allocation of costs incurred by the Central Office and other State agencies and was not verified.

*** The Treatment & Detention Facility average yearly cost per resident was computed using expenditures from all sources. In addition, the average number of residents/students was computed utilizing the beginning and ending figures from each fiscal year.

^ The average number of employees was computed utilizing the beginning and ending figures from each fiscal year.

(concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

SERVICE EFFORTS AND ACCOMPLISHMENTS
(Unaudited)

Fiscal Years Ended June 30, 2011 and 2010

The mission of the Illinois Department of Human Services (DHS) is to assist customers to achieve maximum self-sufficiency, independence and health through the provision of seamless, integrated services for individuals, families and communities.

DHS improves the quality of life of thousands of Illinois families by providing an array of comprehensive, coordinated services through: community health and prevention programs, programs for persons with developmental disabilities, mental illness, or substance abuse problems, employment, training, and independent living programs for persons with disabilities, and financial support, employment and training programs, and child care, and other family services for low-income families. DHS serves Illinois families through the following main programs: Alcoholism and Substance Abuse Services - DHS is charged with designing, coordinating, funding and licensing a comprehensive and coordinated community-based and culturally and gender-appropriate array of services throughout the state for the prevention, intervention, treatment and recovery of alcohol and other drug abuse and dependency. This system addresses the needs of at-risk or addicted individuals and their families.

The ***Division of Community Health and Prevention*** improves the health and well-being of families and individuals through partnerships and services that build community competence.

Developmental Disabilities Services - An extensive array of services and supports are provided for individuals with developmental disabilities to enable them to reside with their families or in other community living situations, and to develop functional and occupational skills. DHS funds over 340 community service providers, over 300 private Intermediate Care Facilities, and 8 state-operated developmental centers that provide residential services and offer services and supports to individuals in community living environments.

Mental Health Services - Services are provided in nine accredited state hospitals and 177 certified mental health centers by appropriately credentialed mental health professionals, including licensed physicians, board-certified psychiatrists, licensed clinical psychologists, licensed clinical social workers, licensed counselors, and registered nurses. They are assisted by para-professionals who are directly supervised by mental health professionals. All services are intended to identify and treat individuals who are diagnosed with mental illnesses/emotional disorders and co-occurring mental illness and substance abuse disorders.

Human Capital Development - In addition to cash assistance, Food Stamps, and medical programs, the Division of Human Capital Development (DHCD) provides access to many other programs and services for the residents of Illinois, such as Child Care, Homeless Services, Employment & Training, Refugee Services, and the Donated Funds Initiative/SSBG programs. DHCD staff helps clients find services provided by other DHS divisions, state agencies, and local communities.

Rehabilitation Services - is the state's lead agency serving individuals with disabilities. The Division works in partnership with people with disabilities and their families to assist them in making informed choices to achieve full community participation through employment, education, and independent living opportunities.

DHS delivers services directly through nearly 200 local offices and in partnership with a network of local providers that reach every part of Illinois. DHS services touch the lives of one out of five Illinois citizens in the course of a year.

Human Capital Development

Mission Statement: To help families and individuals achieve self-sufficiency.

Program Goals:

Objectives:

1. Implement TANF work training programs according to TANF Reauthorization Requirements.
   [a] By June 30, 2011 Illinois DHS will have canceled a monthly average of 5% of the Available-to-Work (ATW) caseload due to earnings.
   [b] By September 30, 2011 Illinois DHS will surpass the Federal Work Participation rate of 50% for TANF clients working and/or engaged in the required number of average countable activities per week.
   [c] Maintain the percentage of TANF clients working (of clients available to work) at or above 12.2%.
   [d] Maintain the percentage of TANF clients engaged in the required number of average countable activities per week at or above 43.2%.
2. Improve Food Stamp Participation.
   [a] By October 1, 2011 maintain the Federal Q.C. Food Stamp Payment Accuracy (FFY) rate to 95.0%.
3. Support families and children by improving the quality of child care and by decreasing the number of families for which child care is a barrier to work.
   [a] By June 30, 2011 increase the current average number of children receiving child care subsidy to 177,800 per month.
   [b] By June 30, 2011 promote quality care by providing wage bonuses to 9,000 child care workers who stay in their jobs and receive training or education beyond their required licensing standard.

Funds: General Revenue Fund

Statutory Authority: 305 ILCS 5/4-1, 51; 20 ILCS 505

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$1,286,363.4	$1,308,537.3	$1,717,483.5	$1,733,836.9	$1,442,790.7
Total Expenditures – state appropriated funds (in thousands)	$1,286,363.4	$1,308,537.3	$1,717,483.5	$1,733,836.9	$1,442,790.7
Average monthly full-time equivalents	3,397.2	3,114.0	3,266.2	3,109.0	3,064.0
Output Indicators					
Total number of Family Health Plan applications disposed timely	307,736	278,760	280,000	264,249	265,000
Total number of Family Health Plan applications approved	178,019	156,702	160,000	139,438	143,000
Total number of Medical Assistance No Grant (MANG) Aid to the Aged, Blind, and Disabled (AABD) applications approved	96,151	100,062	102,000	98,412	100,000
Total number of MANG AABD applications disposed timely	187,753	203,467	205,000	201,074	203,000
Total number of TANF customers canceled due to earnings	4,731	4,937	5,000	6,280	6,400
Average number of TANF families engaged each month (Fed. participation rate) (a)	1,796	2,867	3,200	3,993	4,500
Average monthly TANF ATW caseload (a)	9,424	5,161	6,500	9,918	15,000
Total average monthly TANF caseload	27,384	31,256	35,000	40,033	47,000
The average number of cases/families served through the Child Care program per month	90,100	87,900	87,900	91,400	93,600
Number of children served through the Child Care program - avg. month	174,500	168,000	168,000	173,100	177,800
Total number of customers served through the Refugee Social Services program	4,094	5,340	5,500	5,808	5,812
Total number of Refugees and Immigrants receiving citizenship assistance	10,525	9,309	9,200	9,196	8,200
Total number of Refugees and Immigrants receiving Outreach and Interpretation services	57,377	63,110	66,000	54,221	55,000
Total number of nights in shelters (in thousands)	2,013	2,102	2,102	2,003	1,000

Output Indicators - continued	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total number of Children served through the Crisis Nursery program (a)	1,024	993.0	800.0	1,423	1,000
Total number of Seniors accessing services through the Donated Funds Initiative program	7,808	8,500	6,500	9,015	9,000
Outcome Indicators					
Timely local office disposition of Family Health Plan applications	93.4%	90.8%	91%	89.2%	90%
Timely disposition of MANG AABD applications	81.7%	80.2%	81%	79.1%	80%
Federal Q.C. Food Stamp payment error rate (FFY) (b)	5.96%	5%	4.5%	1.6%	3.8%
Average monthly percentage of the TAND ATW csld. canceled due to earnings (a)	4.2%	7.99%	8%	5.3%	5.5%
Percent of TANF clients working and/or engaged in the required number of average countable activities per week	54%	55.4%	50%	41.5%	50%
Percent of families eligible for child care services served	100%	100%	100%	100%	100%
Number of wage bonuses provided child care workers	8,978	9,016	9,000	9,306	6,800
Percent of working families receiving child care services	90.1%	87%	87%	87.4%	87.4%
Percent of children receiving child care services that are in licensed care	56%	57.9%	57.9%	59.5%	59.5$
External Benchmarks					
Federal work participation rate for all families	50%	50%	50%	50%	50%
Efficiency/Cost-Effectiveness Indicators					
Federal Q.C. Food Stamp Payment Accuracy (FFY)	94.04%	95%	95.5%	98.4%	96.2%
Average cost per Child Care case/ family – avg. month (in dollars)	$627.00	$656.00	$689.00	$743.00	$751.00
Average Child Care cost per child – per month (in dollars)	$324.00	$343.00	$360.00	$393.00	$395.00
Homeless Prevention – Avg. quarterly cost per household (in dollars)	$934.00	$916.00	$916.00	$900.00	$900.00

Footnotes:

(a) Due to the unfavorable economic factors the usage of these programs has increased over the last 12 months.
(b) The Q.C. sample was reviewed and a lower than expected error rate resulted indicating more accurate benefits were provided.

Developmental Disabilities – Community & Facility Services

Mission Statement: Provide a full array of quality, outcome-based, person- and community-centered services and supports for individuals with developmental disabilities and their families in Illinois..

Program Goals:

Objectives:

1. Provide comprehensive service and supports to individuals with developmental disabilities and their families to encourage active participation in life choices at home, school, work and in recreational activities in their community.
   [a] By June 30, 2011 identify individuals living in State-Operated Developmental Centers (SODC's) who would be more appropriately served in community settings, and offer them the option of community residential alternatives reducing the statewide SODC census to 1,922.
   [b] By June 30, 2011 maintain the number of individuals in the Medicaid waiver from 16,998 to 18,800.
2. Improve on an ongoing basis the quality of services and supports provided.
   [a] By June 30, 2011 maintain statewide staffing ratios at SODC's to at least 2.1.

Funds: General Revenue Fund, Mental Health Fund, Care Provider Fund for Persons with Development Disability Fund
Statutory Authority: 20 ILCS 1705/1502 & 40 ILCS 30/3

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$1,448,950.9	$1,517,935.3	$1,445,758.2	$1,200,554.9	$1,238,914.1
Total Expenditures – state appropriated funds (in thousands)	$1,448,950.9	$1,517,935.3	$1,445,758.2	$1,200,554.9	$1,238,914.1
Average monthly full-time equivalents	4,657.5	4,257.0	4,442.8	4,514.8	4,266.8
Output Indicators					
Number of individuals served in waiver settings	16,613	16,998	18,800	18,710	19,000
Number of individuals served in private Intermediate Care Facilities and Mental Retardation facilities (ICF/MR), including Skilled Nursing Facility/Pediatrics	6,538	6,444	6,400	6,427	6,350
Number of individuals served in SODC's	2,218	2,072	1,922	2,002	1,882
Outcome Indicators					
Percent reduction in end of year census in large state Mental Retardation /Developmental Disabilities (MR/DD) facilities	6.5%	6.6%	6.5%	3.38%	6%
Persons receiving developmental disability services as a percent of the estimated number of persons with a diagnosis of a developmental disability	19.3%	18.5%	18%	17.6%	18%
Efficiency/Cost Effectiveness Indicators					
DDD Medicaid claiming as a percentage of total DDD spending	80.1%	83%	83%	90.5%	90.5%
Average length of stay in SODC's in years	20.1	19.2	19.0	19.4	19.0
External Benchmarks					
State to resident ratio (#:1)	2.0	1.9	2.1	2.1	2.1

Mental Health – Community & Facility Services

Mission Statement: The Division of Mental Health envisions a well resourced transformed mental health system that is consumer directed, community focused, and provides a continuum of culturally inclusive programs which are integrated, effective, and provide a range of services that support health and lifelong development through equal access, promotion of recovery and resilience.

Program Goals:

Objectives:

1. Foster the continual development of a comprehensive public mental health system of care.
   - [a] By June 30, 2011 at least 90% of all adults presenting for admission to a State Hospital will receive a pre-admission screening (from a DHS/DMH-funded community provider) for consideration of less restrictive community service alternatives prior to admission.
   - [b] By June 30, 2011 for all individuals admitted, the continuity of care between State Hospital and community services will be maintained as reflected by a re-admission rate within 30 days of discharge of less than or equal to 12%.
   - [a] By June 30, 2011 maintain the quality of state hospital services by maintain an average staff to patient ratio of at least 2.0:1.

Funds: General Revenue Fund, DHS Federal Projects Fund, Community Mental Health Services Block Grant Fund.
Statutory Authority: 20 ILCS 1705 et. al.

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$687,930.0	$622,059.6	$627,186.5	$582,730.2	$632,873.6
Total Expenditures – state appropriated funds (in thousands)	$687,930.0	$622,059.6	$627,186.5	$582,730.2	$632,873.6
Average monthly full-time equivalents	2,699.7	2,544.0	2,421.9	2,565.8	2,502.6
Output Indicators					
Number of individuals served in DHS/DMH Assertive Community Treatment (ACT) program	647.0	620.0	620.0	679.0	500.0
Number of juveniles found eligible for mental health juvenile justice services	657.0	474.0	660.0	536.0	474.0
Outcome Indicators					
Percent of re-admissions to state hospitals within 30 days of discharge	15%	15%	12%	13.8%	12%
Percent of presentations to state hospitals that receive a pre-admission screening for less restrictive alternatives prior to admission	92%	95%	90%	91%	90%
Percent of individuals on antipsychotics treated with new generation antipsychotic drugs (a)	87%	85%	85%	79%	N/A
Efficiency/Cost-Effectiveness Indicators					
Staff to patient ratio in state hospitals (#:1)	2.2	2.0	2.0	2.0	2.0

Footnotes:

(a) The measure "percent of individuals on antipsychotics treated with new generation antipsychotic drugs" has been discontinued and data are no longer being collected.

Reproductive and Early Childhood Services

Mission Statement: Improves the health and well-being of families and individuals through partnerships and services that build community competence and provide resources and supports that assist families who have infants and toddlers, birth to age three, with diagnosed disabilities, developmental delays or substantial risks of developmental delays to maximize their child's development, while respecting the diversity of families and communities..

Program Goals:

Objectives:

1. Reduce infant mortality and morbidity.
   [a] By June 30, 2011 increase the percentage of Medicaid eligible pregnant women that are active in FCM and WIC in first trimester to 46%.
2. Reduce child mortality and morbidity.
   [a] By June 30, 2011 increase the percentage of 19 to 35 month olds who are fully immunized to 85%.
   [b] By June 30, 2011 maintain the percentage of WIC mothers who continue to breast-feed their infants at six months of age at 27% or higher.
3. Reach as many infants and toddlers with disabilities and developmental delays as possible at the youngest age possible.
   [a] By June 30, 2011 the percent of children currently receiving Early Intervention services that are under age 1 will be at least 13%.

Funds: USDA Women, Infants and Children Fund

Statutory Authority: 20 ILCS 1305/10-25

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$604,374.9	$597,517.9	$667,207.0	$574,795.7	$659,678.0
Total Expenditures – state appropriated funds (in thousands)	$604,374.9	$597,517.9	$667,207.0	$574,795.7	$659,678.0
Average monthly full-time equivalents	90.7	97.0	113.9	109.1	125.0
Output Indicators					
Number of pregnant women and infants enrolled in Family Case Management (FCM)	276,801	263,448	260,000	242,823	227,000
Number of 0-2 year olds who received immunizations	301,953	320,681	320,000	289,213	304,000
Number of FCM participant births	60,455	58,202	58,000	53,969	51,000
Number of WIC participant births	68,888	67,410	67,000	64,613	63,000
Number of WIC food coupons issued	12,593,098	12,600,000	13,100,000	11,819,788	13,000,000
Number of family planning recipients	132,951	119,182	118,000	104,290	94,350
Number of low income women receiving Family Planning services	118,875	112,219	110,000	98,458	88,500
Family fees collected by the Early Intervention (EI) Program (in thousands)	$4,269.6	$3,981.4	$4,000.0	$3,446.0	$4,000.0
Number of EI services coordinators in provider agencies	437.8	436.2	435.0	432.8	433.0
Amount of federal reimbursement received by EI IDEA Part C (in thousands)	$26,279.6	$17,652.0	$17,528.3	$17,528.3	$17,318.2
Amount of federal Medicaid reimbursement received by the EI Program (in thousands)	$36,268.7	$40,260.4	$40,000.0	$42,477.4	$43,000.0
Number of new initial EI IFSP's (Individualized Family Service Plans) developed	18,468	18,008	18,000	18,424	18,500
Number of children who have EI IFSP's	19,047	18,607	18,600	19,039	19,000
Outcome Indicators					
Proportion of clients receiving prenatal care in the first trimester - WIC and FCM	81.1%	81.2%	82%	82.2%	82.5%
Proportion of post-partum clients breast-feeding	66.4%	66.9%	67%	69.1%	70%
Proportion of FCM and/or WIC one year old recipients that are fully immunized	87.5%	85.3%	85%	85.6%	86%

Outcome Indicators – continued	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Infant mortality rate per 1,000 births	6.6	7.2	N/A	N/A	6.9
Very low birth weights per 1,000 births	1.6	1.6	1.6	1.6	1.6
Percentage of clients receiving IFSP's prior to first birthday	23.9%	23.2%	23%	22.9%	23%
Percentage of children living in Illinois under age 3 who are served by EI	3.56%	3.48%	3.5%	3.46%	3.5%
Percentage of children living in Illinois under age 1 who are served by EI	1.25%	1.11%	1.1%	1.07%	1.1%
Percentage of children who are leaving at age 3 who are special education eligible or getting other referral from EI	79.8%	79.7%	80%	77.5%	80%
Percentage of children receiving EI services who are under age 1	11.5%	10.82%	13%	10.6%	13%
External Benchmarks					
National 1st trimester goal	90%	90%	90%	77.9%	N/A
National infant mortality rate per 1,000 births	6.8	7.2	N/A	6.4	N/A
Percentage of children under age 1 who are served by EI	1%	1%	1%	1%	1%
National percentages of children under the age of 3 who are served by EI	2%	2%	2%	2%	N/A
Efficiency/Cost Effectiveness Indicators					
Dollars saved in medical care by providing prenatal care (FCM and WIC) (in millions)	$251.9	$116.9	$180.0	$167.1	$179.0

Home Services

Mission Statement: The mission of the Division of Rehabilitation Services is to assist individuals with disabilities in achieving their goals in the areas of employment, education and independent living.

Program Goals:

Objectives:

1. Provide World Class Customer services and supports to individuals with disabilities assisting them in achieving their independent living goals..
   - [a] By June 30, 2011 increase the number of persons receiving needed in-home services by 1% over the number for fiscal year 2010.
   - [b] By June 30, 2011 assist 200 persons in moving out of nursing homes into community residences.
   - [c] By June 30, 2011 develop new service plans for 4,500 individuals needing in-home care.

Funds: General Revenue Fund

Statutory Authority: 20 ILCS 2405/3

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$497,360.6	$549,965.6	$487,360.4	$557,573.4	$573,488.5
Total Expenditures – state appropriated funds (in thousands)	$497,360.6	$549,965.6	$487,360.4	$557,573.4	$573,488.5
Average monthly full-time equivalents	142.4	222.0	346.0	285.0	285.0
Output Indicators					
Persons with disabilities receiving in-home services to prevent institutionalization	39,412	39,165	39,500	38,682	39,100
New service plans developed	5,014	4,216	4,500	3,592	3,665
Outcome Indicators					
Persons moved out of nursing homes	200.0	164.0	200.0	105.0	125.0
Efficiency/Cost-Effectiveness Indicators					
Average monthly cost of in-home services per client (in dollars)	$1,104.00	$1,227.00	$1,250.00	$1,312.00	$1,325.00

Addiction Treatment and Related Services

Mission Statement: The human suffering, social and economic losses caused by addictions exceed $6 billion in Illinois each year. These losses can be prevented or reduced through the implementation of appropriate public policy and a comprehensive coordinated strategy. The Division of Alcoholism and Substance Abuse (DASA) is responsible for planning, funding and coordination of prevention, intervention, treatment and recovery support services including, the identification of service needs, coordination of all state program efforts, the maximization of new and existing resources, and the expansion of accessible and appropriate community-based prevention, intervention and treatment efforts to meet the needs of the citizens of this state.

Program Goals:

Objectives:

1. Meet the needs of Illinois Citizens – Support prevention, intervention and treatment services in whole or in part so that individuals, families and communities may reduce the negative impact caused by abuse and addiction.
   - [a] By June 30, 2011 provide treatment services for a minimum of 60,000 individuals.
2. Provide a Performance Results Strategy – Evaluate the performance of substance abuse treatment services delivered to Illinois citizens by geographic area and level of care.
   - [a] By June 30, 2011 complete provider reports detailing performance on the following output measures: client engagement, retention and continuity of care as well as client outcome measures related to alcohol and other drug use.
3. Implement quarterly provider performance reports and performance-based contracting.
   - [a] By June 30, 2011 include provider performance measure benchmarks as standard contract language for DASA-funded treatment providers.

Funds: General Revenue Fund, Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund, Drunk and Drugged Driving Prevention Fund, Drug Treatment Fund, Alcoholism and Substance Abuse Fund, Youth Drug Abuse Prevention Fund

Statutory Authority: Public Act 85-965, Chap. 111

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$233,054.2	$213,765.6	$228,513.2	$197,737.7	$252,705.7
Total Expenditures – state appropriated funds (in thousands)	$233,054.2	$213,765.6	$228,513.2	$197,737.7	$252,705.7
Average monthly full-time equivalents	54.2	54.2	49.0	52.3	55.3
Output Indicators					
Number of discharges classifies as "positive" (transfers, completions, etc.)	50,866	49,950	50,000	39,519	45,000
Number of unduplicated patients served (patient service data)	82,874	76,941	60,000	69,517	60,000
Estimated number of individuals in prevalence population	1,577,818	1,577,818	1,577,818	1,577,818	1,577,818
Annual desired treatment capacity	256,676	256,676	256,676	256,676	256,676
Outcome Indicators					
Percentage of discharges classified as "positive" (transfer, completions, etc.)	57.9%	48.57%	55%	48.3%	55%
Unduplicated clients served as a percent of the desired capacity (patient service data)	35.5%	32.51%	30%	27.1%	30%
Efficiency/Cost-Effectiveness Indicators					
There is a $7.00 savings to the State of Illinois for every $1.00 spent on treatment	$1.4	N/A	N/A	N/A	N/A
There is a savings of between $250,000 and $500,000 for every drug-free baby born	$52.0	$31.3	$31.3	N/A	N/A

Youth and Adult Services

Mission Statement: CHP improves the health and well-being of families and individuals through partnerships and services that build community competence.

Program Goals:

Objectives:

1. Effect a positive change in the lives of youth that will prevent them from becoming involved in the child welfare and/or juvenile justice system; to assist them in achieving family preservation, reunification or independence.
   - [a] By June 30, 2011 maintain the percent of Comprehensive Community-Based Youth Services (CCBYS) and Unified Delinquency Intervention Service (UDIS) recipients' cases closed due to family reunification at 80% or higher.
   - [b] By June 30, 2011 maintain the percent of CCBYS and UDIS recipients assessed to be at high risk of delinquency at 40% or higher.
2. Effect a positive change in the lives of youth that will delay the age of first use.
   - [a] By June 30, 2011 maintain the proportion of 10th grade children reporting the consumption of alcohol within the past 30 days at or below 40%.
3. Reduce the teen birth rate (women under 20).
   - [a] By June 30, 2011 decrease the percentage of teens 15 to 17 year olds who give birth to 21%.

Funds: Youth Alcoholism and Substance Abuse Prevention Fund

Statutory Authority: 20 ILCS 301

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$172,712.6	$145,391.4	$195,716.7	$129,651.7	$136,611.6
Total Expenditures – state appropriated funds (in thousands)	$172,712.6	$145,391.4	$195,716.7	$129,651.7	$136,611.6
Average monthly full-time equivalents	87.3	79.0	336.1	54.0	19.0
Output Indicators					
Number of hours of Substance Abuse Prevention (SAP) activities	306,153	288,120	288,000	269,126	265,000
Number of Teen REACH participants	25,994	21,284	20,000	20,704	20,000
Number of adolescents receiving Family Planning services	33,911	28,696	28,000	24,520	20,600
Number of CCBYS recipients	11,000	16,711	13,368	6,001	5,041
Number of UDIS recipients (a)	980.0	1,613	1,290	689.0	0.0
Outcome Indicators					
Proportion of 10th grade children reporting use of marijuana in the past month	N/A	18.3%	N/A	N/A	18.3%
Mean age at first use (12th grade children only) of marijuana	N/A	14.9	N/A	N/A	14.9
Proportion of 10th grade children reporting use of alcohol in the past month	N/A	31.4%	N/A	N/A	31.4%
Mean age at first use (12th grade children only) of alcohol	N/A	14.5	N/A	N/A	14.5
Proportion of CCBYS and UDIS recipients that are assessed to be at high risk of delinquency	39%	33.8%	40%	42.8%	37.2%
Proportion of CCBYS and UDIS recipients whose cases are closed due to the family reunification (or successful completion)	84.2%	83.3%	80%	82.3%	77.3%
Births to 15-19 year olds per 1,000 women aged 15-19 year old	39.9	N/A	N/A	N/A	N/A
Percent of live births to 15-17 year olds as a percent of births to women under age 20	N/A	21.2%	21%	19.2%	19%
Percent of live births to 15-17 year olds as a percent of births to women of all ages	10%	3.2%	3.2%	2.9%	3%

External Benchmarks	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
National proportion of 10th grade children reporting use of marijuana in the last month	15.9%	16.7%	N/A	N/A	N/A
National proportion of 10th grade children reporting use of alcohol in the past month	30.4%	28.9%	N/A	N/A	N/A
National birth rate of teen-aged women (15-17 years of age)	41.9	21.7	N/A	20.1	N/A

Footnotes:

(a) The UDIS program was defunded after SFY 2011.

Vocational Rehabilitation

Mission Statement: The Division of Rehabilitation Services assists individuals with disabilities in achieving their goals in the areas of employment, education and independent living.

Program Goals:

Objectives:

1. Provide World Class Customer services and supports to individuals with disabilities, assisting them in achieving their employment goals.
   - [a] By June 30, 2011 increase the number of person in supported employment to 2,525.
   - [a] By June 30, 2011 increase the rehabilitation rate (success rate) to 60%.
   - [a] By June 30, 2011 increase the number of new applications to 17,400.
   - [a] By June 30, 2011 increase the average hourly wage earned by a customer to $10.08.

Funds: General Revenue Fund, Illinois Veterans' Rehabilitation Fund, Vocational Rehabilitation Fund
Statutory Authority: 20 ILCS 2405

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$104,554.1	$97,261.4	$151,880.9	$98,174.0	$136,275.0
Total Expenditures – state appropriated funds (in thousands)	$104,554.1	$97,261.4	$151,880.9	$98,174.0	$136,275.0
Average monthly full-time equivalents	540.5	522.0	569.8	527.0	569.8
Output Indicators					
New applications taken	16,955	16,994	17,400	15,905	16,500
New service plans developed	10,184	9,580	10,200	8,887	10,500
Outcome Indicators					
Persons in supported employment	2,636	2,588	2,525	2,171	2,400
Persons competitively employed	4,804	4,687	5,927	4,484	6,000
Rehabilitation rate (success rate)	57.1	57.3	60.0	54.1	58.0
Average hourly wage earned by Vocational Rehabilitation customers (in dollars)	$10.13	$10.02	$10.08	$10.18	$10.45
Efficiency/Cost-Effectiveness Indicators					
Average lifetime cost per rehabilitation (in dollars)	$3,749.00	$4,223.00	$3,800.00	$4,214.00	$4,100.00

Sexually Violent Persons Program

Mission Statement: The mission of the Treatment and Detention Facility is to provide residents with intensive, specialized sex offender treatment within a safe, secure environment to protect residents, facility staff and the community.

Program Goals:

Objectives:

1. Manage a highly secure environment for the protection of program staff and visitors, court-ordered detainees, and civilly committed sexually violent persons, as well as state and personal property.
   [a] By June 30, 2010 manage the Treatment and Detention Program to achieve an average annual cost per detainee/sexually violent person of $69,855 or less.
2. Through the provision of effective treatment, reduce victimization, protect the survivors of sexual violence, and make transition to communities safer.
   [a] By June 30, 2010 complete evaluations of all referrals from the Department of Corrections and admit those as appropriate, resulting in a census of 397 or less at the Treatment and Detention facility.
   [b] Through June 30, 2010 ensure successful transition to the community of all individuals who are conditionally discharged from the Treatment & Detention Facility resulting in no more than two (2) readmissions/returns to the facility.

Funds: General Revenue Fund

Statutory Authority: 725 ILCS 207

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$27,343.1	$24,557.4	$25,671.6	$24,898.4	$25,123.2
Total Expenditures – state appropriated funds (in thousands)	$27,343.1	$24,557.4	$25,671.6	$24,898.4	$25,123.2
Average monthly full-time equivalents	222.0	202.7	215.4	207.4	201.1
Output Indicators					
Number of detainees and sexually violent persons in the TDF	361.0	405.0	444.0	451.0	487.0
Outcome Indicators					
Number of detainees revoked from conditional release and returned to the TDF	2.0	1.0	2.0	1.0	1.0
Efficiency/Cost-Effectiveness Indicators					
Annual cost per detainee/sexually violent person in the TDF (in dollars)	$75,708.00	$60,405.00	$56,888.00	$54,764.00	$45,486.00