



STATE OF ILLINOIS
**OFFICE OF THE
AUDITOR GENERAL**

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

**COMPLIANCE EXAMINATION
For the Two Years Ended: June 30, 2012**

**FINANCIAL STATEMENT AUDIT
For the Year Ended: June 30, 2012**

Release Date: June 19, 2013

Summary of Findings:

Total this audit:	16
Total last audit:	13
Repeated from last audit:	9

SYNOPSIS

- The Department's initial financial statements did not comply with generally accepted accounting principles and an adjustment and reclassification were necessary.
- Child welfare and foster care files lacked complete and timely prepared documentation.
- The Department's child abuse investigations did not always fully comply with State law.
- All required child deaths were not reviewed timely.

{Expenditures and Activity Measures are summarized on the reverse page.}

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
FINANCIAL AUDIT
For the Year Ended June 30, 2012
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

EXPENDITURE STATISTICS	2012	2011	2010
Total Expenditures.....	\$ 1,190,404,192	\$ 1,212,509,915	\$ 1,228,287,579
OPERATIONS TOTAL.....	\$ 837,826,751	\$ 872,987,748	\$ 848,388,997
% of Total Expenditures.....	70.4%	72.0%	69.1%
Personal Services.....	211,131,801	-	199,851,836
Other Payroll Costs (FICA, Retirement)...	15,713,443	-	14,841,891
All Other Operating Expenditures.....	610,981,507	872,987,748	633,695,270
AWARDS AND GRANTS.....	\$ 352,567,641	\$ 339,522,167	\$ 379,898,582
% of Total Expenditures.....	29.6%	28.0%	30.9%
REFUNDS.....	\$ 9,800	\$ -	\$ -
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 369,975,796	\$ 363,191,508	\$ 330,253,742
Average Number of Employees.....	2,865	2,896	2,968

SELECTED ACTIVITY MEASURES (unaudited)	2012	2011	2010
Hotline Calls.....	253,444	258,999	282,211
Children served in:			
Regular foster care.....	4,018	4,191	4,675
Specialized foster care.....	2,881	2,999	3,258
Relative care.....	6,131	6,216	6,223
Residential placements.....	1,353	1,378	1,390
Independent living.....	761	775	823
Finalized adoptions.....	1,724	1,182	1,397

AGENCY DIRECTOR	
During Examination Period:	Mr. Erwin McEwen (11/20/06 - 9/30/11) Ms. D. Jean Ortega-Piron (Acting) (10/1/11 - 11/30/11) Ms. Dixie Peterson (Acting) (12/1/11 - 12/14/11) Mr. Richard Calica (12/15/11 to Current)
Currently:	Mr. Richard Calica

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

LACK OF FINANCIAL REPORTING REVIEW PROCEDURES

The Department did not have adequate review procedures in place to ensure the Department's financial statements for the year ended June 30, 2012 were accurately prepared.

Financial statements required adjustment and reclassification

The Department's financial statements were adjusted to correct for the reporting of beginning of year balances as a result of our audit. An adjustment totaling \$1.083 million was made to properly reflect the Department's income and expense. We also noted incorrect calculations of grant activity that were reported to the Office of the State Comptroller (Comptroller) which resulted in the understatement of amounts reported as due from the federal government totaling \$6.016 million. In addition, fund balance classifications in the draft financial statements provided to us for our audit were not correct. The classifications were corrected after we made the Department aware of the errors.

Failure to implement appropriate internal control procedures over financial reporting could lead to future misstatements of the Department's financial statements. (Finding 1, page 12-13) **The finding was first reported in 2008.**

We recommended the Department implement internal control procedures to assess the risk of material misstatements of the Department's financial statements and to identify such misstatements during the financial statement preparation process. In addition, we recommended that personnel responsible for preparing the Department's financial statements receive adequate training and guidance to ensure accurate and complete financial statements are prepared.

Department agrees with auditors

Department officials agreed with the recommendation and are working to implement appropriate reviews and corrective action. (For the previous agency response, see Digest Footnote #1.)

INCOMPLETE CHILD WELFARE FILES

The Department's Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely. During our review of 59 case files, we noted:

Child case files incomplete and not prepared timely

- 1 Family Assessment Factor Worksheet was not maintained in the case file or the Department's automated case information.
- 13 medical and dental consent forms were not completed and/or were outdated.

- 26 initial placement checklists were not completed.
- 20 permanency planning checklists were not completed and maintained in the case files.
- 4 placement and payment authorization forms were not maintained in the case files.
- 16 children’s pictures were not maintained in the case files.
- 36 children’s fingerprints were not maintained in the case files.

Additionally, we reviewed 50 child administration case reviews (ACRs). These ACRs generated 306 notifications to all parties involved. We noted that 7 notifications were not sent at all and that 64 notifications were not sent timely.

The Department’s Administrative Procedures prescribe deadlines and documentation requirements for file maintenance. The failure to follow established Department procedures, regulations and State law concerning the welfare of children could result in inadequate care, unauthorized services, or misuse of State funds. (Finding 2, pages 14-17) **This finding was first reported in 1998.**

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

Department agrees with auditors

Department officials agreed with our recommendation and stated they will continue to stress the importance of adequate and timely documentation for the cases identified in our finding as well as for all child and family cases. (For the previous agency response, see Digest Footnote #2.)

OVERDUE CHILD ABUSE AND NEGLECT DETERMINATIONS

Some child abuse and neglect determinations were not timely completed

Reports of child abuse and neglect were not always determined within 60 days as required by the Abused and Neglected Child Reporting Act. The Act states the Department shall determine, within 60 days, whether a report is “unfounded” or “indicated” and provides that the Department may extend the period up to an additional 30 days for good cause. Department statistics indicate the following noncompliance:

Fiscal Year	Total Reports Requiring Determinations	Determinations Not In Compliance	Percent of Determinations Not in Compliance
2012	65,499	884	1.35%
2011	63,023	115	0.18%
2010	67,051	68	0.10%

Historical Analysis

2009	68,716	229	0.33%
2008	67,831	819	1.21%
2007	67,732	538	0.79%
2006	66,593	1,060	1.59%
2005	66,550	1,140	1.71%
2004	62,069	1,294	2.08%
2003	58,956	952	1.61%

Failure to make timely determinations of reports of abuse and neglect could delay the implementation of a service plan and result in further endangerment of the child, and is a violation of the Act. (Finding 3, pages 18-19) **This finding was first reported in 1998.**

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

Department agrees with auditors

Department officials stated they will continue to make diligent efforts to reach the 100% compliance timeframe set forth in the Abused and Neglected Child Reporting Act. (For the previous agency response, see Digest Footnote #3.)

INITIATION OF CHILD ABUSE AND NEGLECT INVESTIGATIONS

Some child abuse and neglect reports not investigated timely

The Department did not initiate an investigation of every child abuse and neglect case within 24 hours of receipt of the report as required by the Abused and Neglected Child Reporting Act. Department statistics indicate the following noncompliance:

<u>Fiscal Year</u>	<u>Total Investigations</u>	<u>Investigations Not In Compliance</u>	<u>Percent of Investigations Not in Compliance</u>
2012	65,963	274	0.42%
2011	63,011	116	0.18%
2010	67,377	97	0.14%
2009	68,732	83	0.12%
2008	67,951	112	0.17%
2007	67,766	179	0.26%
2006	66,918	154	0.23%
2005	66,793	260	0.39%
2004	62,311	268	0.43%
2003	59,397	220	0.37%

Historical Analysis

Failure to respond to a report of abuse or neglect within 24 hours could result in further endangerment to the child and is a violation of the Act. (Finding 4, pages 20-21) **This finding was first reported in 1998.**

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

Department agrees with auditors

Department officials stated they will continue to make efforts to reach 100% compliance with the statute, and that it is always the Department's goal to initiate reports within 24 hours. (For the previous agency response, see Digest Footnote #4.)

NONCOMPLIANCE WITH CHILD DEATH REVIEW TEAM ACT

Some child death reviews not performed timely

The Department's child death review teams did not have adequate controls to demonstrate that all child deaths were reviewed timely as required by the Child Death Review Team Act (Act) (20 ILCS 515/20). The Department's child death review teams are responsible to conduct reviews of every child death for deceased children who are:

- a ward of the Department;
- the subject of an open service case maintained by the Department;
- a child who was the subject of an abuse or neglect investigation at any time during the 12 months preceding the child's death; and
- any other child whose death is reported to the State central register as a result of alleged child abuse or neglect which report is subsequently indicated.

The Act requires that child death review teams perform reviews of child deaths no later than 90 days from the completion of the Department's investigation, or if no investigation within 90 days after obtaining information necessary to complete the review. During our examination period, the child death review teams were in the process of developing procedures to document dates that child death information was received and the subsequent dates that reviews had been performed in order to demonstrate compliance with their mandated duties. Accordingly, not all information is complete. However, we noted the following with respect to the information recorded in the Department's database:

- For mandated cases in which the review was completed and a date the investigation closed was provided, we noted 60 of 85 reviews for Fiscal Year 2012 were conducted an average of 158 days after the close of the investigation. In addition, 100 of 127 reviews for Fiscal Year 2011 were conducted an average of 209 days after the close of the investigation.
- For mandated cases in which the review was completed and there was not a date for the investigation being closed, we noted 29 of 40 reviews for Fiscal Year 2012 were conducted an average of 154 days from the date the case was entered into the

database. In addition, 20 of 66 reviews for Fiscal Year 2011 were conducted an average of 94 days from the date the case was entered into the database.

- For cases in which it was not documented if the case was mandatory or discretionary and in which the review was completed and a date the investigation was closed was provided, we noted 25 of 33 reviews for Fiscal Year 2012 were conducted an average of 160 days from the date the case was entered into the database.
- For cases in which it was not documented if the case was mandatory or discretionary and in which the review was completed and there was not a date for the investigation being closed, we noted 7 of 16 reviews for Fiscal Year 2012 were conducted an average of 97 days from the date the case was entered into the database.
- For 1 case documented as having a review, there was no date entered for the opening of the case. (Finding 5, pages 22-24) **This finding was first reported in 2008.**

We recommended the Department continue in its efforts to implement controls to ensure child death review teams adequately document their compliance with the Child Death Review Team Act. All child death reviews should be conducted within the time period established by the Act.

Department agrees with auditors

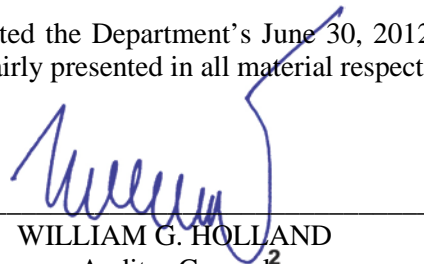
Department officials agreed with the finding and reported they are working to address the causes for the delays noted. (For the previous agency response, see Digest Footnote #5.)

OTHER FINDINGS

The remaining findings are reportedly being given attention by the Department. We will review progress toward the implementation of our recommendations during the next examination.

AUDITORS' OPINION

Our auditors stated the Department's June 30, 2012 financial statements are fairly presented in all material respects.



WILLIAM G. HOLLAND
Auditor General²

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AUDITORS ASSIGNED

Our special assistant auditors for these engagements were Sikich, LLP.

DIGEST FOOTNOTES

#1- LACK OF FINANCIAL REPORTING REVIEW PROCEDURES

2010: The Department agrees it did not detect the reporting reclassification error in the financial statements prepared by the Comptroller's Office. We concur with the entry to reclassify \$912 thousand from Unrestricted Assets to Net Invested in Capital Assets.

#2 – INCOMPLETE CHILD WELFARE FILES – Previous Agency

Response

2010: The Department agrees and will continue to stress the importance of adequate and timely documentation for those cases identified in the auditors' finding as well as for all child and family cases.

To remediate the ACR deficiencies, a corrective action plan was implemented immediately after the previous audit's field work in August, 2008 where the ACR Managers in Cook County reviewed their Office Administrator's log and provided a report of any case that was not completed and/or showed missing information. Efforts were put forth to locate all missing information which was then data entered into the system; and, a monthly report is now prepared identifying cases with missing information, why it is missing, and measures being taken to complete the work. Additionally, for any ACR that is missed, ACR staff work to reschedule the ACR within the cycle month or those originally scheduled during the last week of the month that are missed are re-scheduled within the first week of the following month where possible.

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

#3 – OVERDUE CHILD ABUSE AND NEGLECT

DETERMINATIONS – Previous Agency Response

2010: The Department will continue to make diligent efforts to improve on the 99.9% and reach the 100% compliance timeframe set forth in the Abuse and Neglect Child Reporting Act (ANCRA) for making final determinations. The ongoing focus of the Department is to develop opportunities and strategies to maintain our compliance of timely completions of investigative reports per ANCRA. Child Protection Investigators are procedurally required to:

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

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

#4 – INITIATION OF CHILD ABUSE AND NEGLECT INVESTIGATIONS - Previous Agency Response

2010: The Department will continue to make efforts to reach 100% compliance with the statute. It is always the Department's focus to initiate reports in 24 hours.

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

#5 – CHILD DEATH REVIEWS NOT TIMELY - Previous Agency Response

2010: The Department agrees with the finding and is continuing with its plan to correct the causes for delay:

- The Child Death Review Team (CDRT) received the majority of death certificates for 2009 all at one time from IDPH on a disk and we received 2010 in two parts on two disks from IDPH. Once the disks were received they were printed and entered into the CDRT database. We now have all of 2009 deaths entered and we are currently entering December of 2010 and are waiting to start entering 2011 deaths (we have not received March, April and May 2011). CDRT goal to be up to date entering deaths is August 31, 2011.
- CDRT has just finished SACWIS checks for 2009. We have the majority of 2010 deaths to complete all SACWIS checks and CDRT has requested additional help to complete this task. The Deputy Director of Quality Assurance has assigned one staff person to complete SACWIS checks one day per week. The CDRT goal is to be up to date on SACWIS checks by December 31. This goal can be reached if we are able to continue the additional QA staff person on a consistent basis.
- Once deaths are entered into the database and SACWIS checks are completed the teams are notified of the mandated cases.

For 2009 Aurora has 6 mandatory cases to review, Champaign has three, Cook A has 6 mandatory cases, Cook B has 1 mandatory case, East St. Louis has 3 mandatory cases, Marion has 2 mandatory cases to review, Peoria has 5 mandatory cases, Rockford has 4 mandatory cases and Springfield has two. CDRT expects all 2009 mandated cases to be reviewed by August 31, 2011. Once all 2010 checks are completed the number of cases will increase; currently for 2010, Aurora has 2 mandatory cases, Champaign has 6 mandatory cases, Cook A and B have 3 mandatory cases, ESL has 3, Marion has 1, Peoria has 7 cases, Rockford has 9 and Springfield has 5. The goal to have all 2010 mandated cases reviewed is May 31, 2012.