



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES**

State Compliance Examination  
For the Two Years Ended June 30, 2023

Release Date: December 19, 2024

FINDINGS THIS AUDIT: 24				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	3	5	8	2021		15, 16, 17	
Category 2:	6	10	16	2019	2	12, 13, 14	
Category 3:	0	0	0	2018	4, 5		
TOTAL	9	15	24	2017	1	18, 19	
				2015		10, 11	
FINDINGS LAST AUDIT: 27				2005	8		

**INTRODUCTION**

The digest covers our Compliance Examination of the Department for the two years ended June 30, 2023. A Financial Audit as of and for the year ended June 30, 2023, was separately released. In total, this report contains 24 findings, 7 of which were reported in the Financial Audit.

**SYNOPSIS**

- (23-08) The Department of Healthcare and Family Services did not have adequate internal controls over employee performance evaluations and training.
- (23-09) The Department of Healthcare and Family Services did not have adequate controls over accounts receivable.
- (23-12) The Department of Healthcare and Family Services did not have adequate controls over required Managed Care Organization (MCO) reporting.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **INADEQUATE CONTROLS OVER PERSONAL SERVICES**

The Department did not have adequate internal controls over employee performance evaluations and training.

During our testing, we noted the following:

- Two of 60 (3%) employees tested did not have a performance evaluation on file for FY23.
- One of 60 (2%) employees tested did not have an evaluation of their performance conducted within four months after the end of their annual evaluation period in FY22. We noted this evaluation was conducted 38 business days after the end of the four-month period to conduct the employee's evaluation.
- One of 60 (2%) employees tested with access to social security numbers in the course of their employment did not complete the annual identity protection training.
- Three of 60 (5%) employees tested did not have a signed statement acknowledging their responsibilities under the Abused and Neglected Child Reporting Act (ANCRA) to immediately report to the Department for Children and Family Services (DCFS) a child known to them in their professional or official capacities may be an abused or neglected child before commencing their employment.
- The Department does not track the required mandated reporter training under ANCRA. As such, the Department was unable to provide documentation demonstrating the employees in our sample completed the initial mandated report training and/or the training required at least every three years. (Finding 8, pages 32-34) **This finding has been reported since 2005.**

**Department did not conduct all required performance evaluations in a timely manner**

**Department did not ensure employees completed required trainings and ANCRA acknowledge forms**

**Department did not track required mandated reporter training under ANCRA**

This finding was first noted during the Department's fiscal year 2005 State compliance examination, eighteen years ago. As such, Department management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

We recommended the Department implement controls to ensure staff members receive timely performance evaluations in accordance with the Illinois Administrative Code and training courses are completed in accordance with the State Officials and Employees Ethics Act and Identity Protection Act. Further, we recommended the Department implement internal controls to ensure staff complete the required acknowledge forms documenting their understanding of their mandated reporting responsibilities under ANCRA prior to

commencing employment and to ensure staff complete the required training under ANCRA.

**Department accepted the recommendation**

The Department accepted the recommendation and stated that they will continue to communicate the requirements regarding evaluations and training and improve compliance with those requirements. The Department also stated that they will ensure staff complete the required acknowledge forms documenting their understanding of their mandated reporting responsibilities under ANCRA prior to commencing employment and ensure staff complete the required training under ANCRA.

**INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE**

The Department did not have adequate controls over accounts receivable.

**Department submitted quarterly accounts receivable Form C-97s without supporting documentation and/or with calculation errors**

During testing of the quarterly accounts receivable forms (Form C-97), auditors noted the Form C-97s were manually completed by various program areas and compiled by the Department's fiscal office in order to issue a single Form C-97 per fund. We selected a sample of 14 Form C-97s submitted to the Office of Comptroller (Comptroller) during the examination period. Seven of 14 Form C-97s submitted to the Comptroller either did not have supporting documentation for the balances or had calculation errors. Specifically, we noted:

- One (7%) Form C-97s submitted contained one instance in which the Department could not provide adequate documentation to support the amounts. The unsupported balanced amount to \$5.3 million at the end of the quarter reported. The Department's financial statements did not require adjustments for the noted difference.
- Seven (50%) Form C-97s contained 12 instances in which the Department did not properly report the total combined accounts receivable information. This was due to calculation errors when combining individual program area data for the Form C-97 submissions. Incorrectly reported balances ranged from \$2 thousand to \$33.8 million at the end of the quarter reported. The Departments' financial statements did not require adjustments for the noted differences.

**Department did not submit accounts receivables over 90 days to either the Comptroller's Offset System or to the Attorney General to be certified as uncollectible**

We selected a sample of all accounts receivables, over 90 days, from the Department's Aging of Total Gross Receivables reports (Form C-98). As of June 30 2023, we noted 12 of 48 (25%) accounts tested, totaling \$20,634,220, were not submitted to either the Comptroller's Offset System or sent to the Attorney General to be certified as uncollectible. For each of the 12 accounts, the Department did not provide documentation it had entered into a deferred payment plan or

demonstrated to the Comptroller's satisfaction that referral for offset was not cost effective. The Department's financial statements did not require adjustments due to the accounts being considered uncollectible. (Finding 9, pages 35-37)

We recommended the Department implement review processes to ensure the accuracy of the C-97 reports submitted to the Comptroller. We also recommended the Department submit past due accounts receivables to the Comptroller for placement in the Comptroller's Offset System in accordance with the Illinois State Collection Act of 1986, the Uncollected State Claims Act, and SAMS. Further, where applicable, we recommended the Department request the Attorney General to certify as uncollectible the account receivables the Department has been unable to collect.

**Department accepted the recommendation**

The Department accepted the recommendation and stated that Department fiscal staff will require program staff to submit documentation and enhance their review of the documentation to support quarterly receivable forms and remind program areas to review reports of debt \$250 or more and more than 90 days past due for placement in the Comptroller's Offset System or potential write-off.

**INADEQUATE CONTROLS OVER MANAGED CARE ORGANIZATION REPORTING**

The Department did not have adequate controls over required Managed Care Organization (MCO) reporting.

During our review of the Department's MCO reporting, we noted the following:

- The Department did not timely post two of four (50%) reports to its website during the engagement period. These reports were posted seven and 25 days late.
- The Department did not timely publish on its website the MCO medical loss ratio (MLR) report on the calculation of each MCO's MLR. As of June 30, 2023, the Department had finalized the MLRs through calendar year 2020. However, as of June 30, 2023, no annual reports had been published on the Department's website. The Department published the 2018, 2019, and 2020 MLR reports on October 18, 2023, 75 business days after the end of fiscal year 2023. Furthermore, the Department included the MLR reports on its list of reports to be filed with the General Assembly, however, the Department was unable to provide support the report was submitted.
- The Department failed to timely publish four of eight (50%) quarterly MCO performance metrics reports on its website. Furthermore, the Department's MCO performance metrics report did not contain provider credentialing as statutorily required. (Finding 12,

**Department did not timely post or publish all required MCO reports**

pages 42-44) **This finding has been reported since 2019.**

We recommended the Department strengthen internal controls to ensure the MCO reports are timely published and include the statutorily required components.

**Department accepted the recommendation**

The Department accepted the recommendation and stated that it has adjusted its reporting timeframes, for MCO hospital claims to begin requesting data from the MCO's approximately 4.5 months prior to the report posting due date, to allow enough time to analyze and report on the data and findings. The Department also stated that MCOs do not complete a separate credentialing process pursuant to contract requirements. Lastly, the Department stated that it will include a statement within future MCO performance reporting materials to capture this information beginning with the July 2024 MCO performance report that is anticipated to be issued in August 2024.

**OTHER FINDINGS**

The remaining findings are reportedly being given attention by Department personnel. We will review the Department's progress towards the implementation of our recommendations in our next State compliance examination.

**AUDITOR'S OPINION**

The financial audit report was separately released. The auditors stated the financial statements of the Department as of and for the year ended June 30, 2023, are fairly stated in all material respects.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2023-001 through 2023-006, 2023-008, and 2023-009. Except for the noncompliance described in these findings, the accountants stated the Department complied, in all material respects, with the requirements described in the report.

The financial audit and this compliance examination were performed by Sikich CPA LLC.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

---

FRANK J. MAUTINO  
Auditor General

FJM:km