



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CHILDREN AND FAMILY SERVICES

Financial Audit for the Year Ended June 30, 2014 and
 Compliance Examination for the Two Years Ended June 30, 2014

Release Date: April 2, 2015

FINDINGS THIS AUDIT: 17				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2012		9, 12, 16, 17	
Category 2:	4	13	17	2010		6, 11	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2008		1, 5, 15	
TOTAL	4	13	17	2002		8	
				1998		2, 3, 4	
FINDINGS LAST AUDIT: 16							

SYNOPSIS

- (14-1) The Department lacked adequate review procedures to ensure the accuracy of financial statement information.
- (14-2) Child Welfare and Foster Care and Intact Family Case files lacked required documentation and not all case procedures were performed timely.
- (14-3) The Department made untimely determinations of whether reports of child abuse and neglect were “indicated” or “unfounded.”
- (14-4) The Department failed to timely initiate investigations for reports of child abuse and neglect.
- (14-5) Child death review teams did not complete required reviews of child deaths in a timely manner.

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.

{Expenditures and Activity Measures are summarized on next page.}

DEPARTMENT OF CHILDREN AND FAMILY SERVICES
FINANCIAL AUDIT
For the Year Ended June 30, 2014
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2014

EXPENDITURE STATISTICS	2014	2013	2012
Total Expenditures.....	\$ 1,129,142,449	\$ 1,136,646,400	\$ 1,190,404,192
OPERATIONS TOTAL.....	\$ 304,252,734	\$ 300,219,289	\$ 311,041,274
% of Total Expenditures.....	26.9%	26.4%	26.1%
Personal Services.....	207,021,830	206,733,743	211,131,801
Other Payroll Costs (FICA, Retirement)..	15,245,221	15,383,347	15,713,443
All Other Operating Expenditures.....	81,985,683	78,102,199	84,196,030
AWARDS AND GRANTS.....	\$ 824,881,223	\$ 836,420,908	\$ 879,353,118
% of Total Expenditures.....	73.1%	73.6%	73.9%
REFUNDS.....	\$ 8,491	\$ 6,203	\$ 9,800
% of Total Expenditures.....	0.0%	0.0%	0.0%
Total Receipts.....	\$ 376,314,921	\$ 367,512,994	\$ 369,975,796
Average Number of Employees (Unaudited)	2,630	2,736	2,865
SELECTED ACTIVITY MEASURES (Unaudited)	2014	2013	2012
Hotline Calls.....	231,536	236,589	253,444
Children served in:			
Regular foster care.....	4,093	4,040	4,019
Specialized foster care.....	2,664	2,801	2,883
Relative care.....	6,311	6,218	6,137
Residential placements.....	1,331	1,286	1,353
Independent living.....	727	768	763
Finalized adoptions.....	1,495	1,469	1,728
AGENCY DIRECTOR			
During Examination Period:	Richard Calica (12/15/11 to 11/15/13)		
	Denise Gonzales (11/16/13 to 01/23/14)		
	Arthur Bishop (01/24/14 to 02/27/14)		
	Bobbie Gregg - Acting (02/28/14 to 01/19/15)		
	Dr. Cynthia L. Tate - Acting (01/20/15 to 02/15/15)		
Currently: George H. Sheldon - Acting	George H. Sheldon - Acting (02/16/15 to present)		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LACK OF FINANCIAL REPORTING REVIEW
PROCEDURES**

The Department did not have adequate review procedures in place to ensure the financial statement information for the year ended June 30, 2014 was accurately prepared.

**Errors noted by auditors in
beginning balances**

Certain Department financial statement beginning of year balances were not correct, which required adjustments totaling a net amount of \$4.058 million, to properly reflect the fiscal year 2014 income and expense. After the Department was made aware of the errors, the Department appropriately communicated the differences to the Office of the State Comptroller and also ensured that the fiscal year 2014 financial statements were adjusted to report correct beginning of year balances.

In order to improve its financial reporting process, we noted that the Department had contracted with an outside accounting firm to prepare its GAAP fund packages, which the Department is required to annually submit to the Comptroller, as well as its financial statements for fiscal years 2013 and 2014. However, the Department still has the responsibility to review the work performed by its contractor. (Finding 1, pages 12-13) **This finding has been repeated since 2008.**

We recommended the Department continue in its effort to 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. Further, 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 stated they will continue efforts to implement additional internal control and review procedures, as well as, providing adequate training and guidance for personnel responsible for preparing the Department's financial statements. *(For the previous agency response, see Digest Footnote #1.)*

INCOMPLETE CHILD WELFARE FILES

Child welfare cases lacked required and timely documentation

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 50 case files, we noted:

- 8 (16%) Family Assessment Factor Worksheets were not maintained in the case file or the Department's automated case information.
- 11 (22%) Medical and Dental Consent Forms were not completed and/or were outdated.
- 22 (44%) Initial Placement Checklists were not completed.
- 15 (30%) required Permanency Planning Checklists were not completed and maintained in the case files.
- 3 (6%) Placement and Payment Authorization Forms were not maintained in the case files.
- 20 (40%) children's pictures were not maintained in the case files.
- 27 (54%) children's fingerprints: there was no record within automated case information system nor the case file indicating the date the fingerprints were obtained.
- 44 (88%) Child Identification Forms were not maintained in the case files.

Outdated forms being utilized

Required documentation found not completed

Child identification forms not maintained

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 14-16) **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 the recommendation and stated they 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 and will also strive to continually update written procedures as changes and requirements in case practices are identified, approved and adopted. (*For the previous agency response, see Digest Footnote #2*)

CHILD ABUSE AND NEGLECT DETERMINATIONS NOT MADE TIMELY

Untimely determinations made of child abuse and neglect

The Department did not make timely determinations of whether reports of child abuse and neglect were “indicated” or “unfounded” in 1,846 of the 67,705 (2.73%) and in 2,386 of the 66,918 (3.57%) reports during fiscal years 2014 and 2013, respectively, as required by the Abused and Neglected Child Reporting Act.

The Department’s statistics indicated the following noncompliance:

Fiscal Year	Total Reports Requiring Determinations	Determinations Not In Compliance	Percentage of Determinations Not in Compliance
2014	67,705	1,846	2.73%
2013	66,918	2,386	3.57%
2012	65,499	884	1.35%
2011	63,023	115	0.18%
2010	67,051	68	0.10%
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 17- 8) **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 agreed with the recommendation and stated they will continue to make efforts to improve on the 97.3% in order to reach the 100% compliance timeframe set forth in the Abused and Neglected Child Reporting Act for making final determinations. *(For the previous agency response, see Digest Footnote #3.)*

**UNTIMELY INITIATION OF CHILD ABUSE AND
NEGLECT INVESTIGATIONS**

Investigations not initiated timely

The Department did not timely initiate an investigation for 179 of the 67,720 (0.26%) reports of child abuse and neglect in fiscal year 2014, and for 147 of the 66,891 (0.22%) of child abuse and neglect in fiscal year 2013.

The Department’s Monitoring/Quality Assurance Division compiled the following statistics:

Fiscal Year	Total Investigations	Investigations Not In Compliance	Percentage of Investigations Not in Compliance
2014	67,720	179	0.26%
2013	66,891	147	0.22%
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	0.16%
2007	67,766	179	0.26%
2006	66,918	154	0.23%
2005	66,793	260	0.39%

Failure could result in endangerment of child

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 Abused and Neglected Child Report Act (Act). (Finding 4, pages 19-20) **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 Act.

Department agrees with auditors

Department officials agreed with the recommendation and stated a reorganization in FY13 led to increased child protection staff and a reduction in caseload sizes which they state resulted in the significant decrease in missed 24 hour mandates during FY13 and FY14. *(For the previous agency response, see Digest Footnote #4.)*

**REQUIRED DEATH REVIEWS NOT COMPLETED
TIMELY**

Death reviews not timely

The Department’s child death review teams did not complete required reviews of child deaths in accordance with timeframes established by the Child Death Review Team Act (Act).

During our examination period, the Department's quality assurance division indicated the child death review teams received death certificates for 195 mandated and 6 discretionary cases for fiscal year 2013 and 114 mandated and 2 discretionary cases for fiscal year 2014.

We noted the following with respect to the information recorded within the database developed by the Department to facilitate its coordination and monitoring of the child death review team activities.

Reviews not conducted within 90 days as required

- For mandated cases in which the review was complete and a date the investigation was closed was provided:
 - 80 reviews for fiscal year 2013 were not conducted within 90 days from the close of the investigation. On average, these reviews were conducted 182 days from that date.
 - 27 reviews for fiscal year 2014 were not conducted within 90 days from the close of the investigation. On average, these reviews were conducted 172 days from that date.
- For mandated cases in which the review was completed and there was not a date for investigation being closed (the date the letter informing the review team of the case was used as the date the teams obtained information necessary to complete the review):
 - 23 reviews for fiscal year 2013 were not conducted within 90 days from the date the letter was sent to the team. On average, these reviews were conducted 165 days from that date.
 - 10 reviews for fiscal year 2014 were not conducted within 90 days from the date the letter was sent to the team. On average, these reviews were conducted 165 days from that date.

Failure to comply with the Act diminishes the effectiveness of the purposes for which the child death review teams serve and also is noncompliance with duties mandated by law. (Finding 5, pages 21-22) **This finding was first reported in 2008.**

We recommended the Department continue in its efforts to ensure child death reviews are conducted within the time period established by the Act.

Department agrees with auditors

Department officials agreed with the recommendation and stated they are continuing with plans to improve compliance with the Act. They stated that beginning in September 2013, process changes began to result in improvements. Child death information from Department of Public Health is now imported into the database; therefore no longer requiring that information be entered manually. *(For the previous agency response, see Digest Footnote #5.)*

OTHER FINDINGS

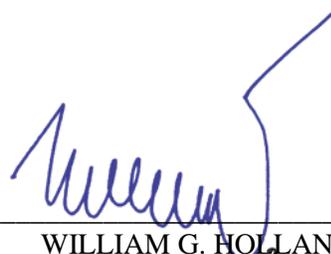
The remaining findings are reportedly being given attention by the Department. We will review the Department’s progress toward implementation of our recommendations in our next audit.

AUDITOR’S OPINION

The auditors stated the financial statements of the Department of Children and Family Services as of and for the year ended June 30, 2014, are fairly stated in all material respects.

ACCOUNTANT’S OPINION

The accountants conducted a compliance examination of the Department for the two years ended June 30, 2014, as required by the Illinois State Auditing Act. The auditors stated the Department complied, in all material respects, with the requirements described in the report.



WILLIAM G. HOLLAND
.. Auditor General

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SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this audit were Sikich LLP.

DIGEST FOOTNOTES

#1 - LACK OF FINANCIAL REPORTING REVIEW PROCEDURES

2012: The Department agrees with the recommendation and plans to implement control procedures designed to improve the quality of information in the annual forms. DCFS is in process of identifying resources and obtaining bids from reputable accounting firms for preparation of the June 30, 2013 financial statements and the Department's annual GAAP reporting package for use by the State Comptroller's Office. The use of this consultant would provide additional training to current staff on these procedures. Additionally, the Department is initiating a process to hire a person full time to fill an empty fiscal administration position. That person would have knowledge of financial reporting and generally accepted financial reporting requirements and be responsible for the preparation of the Department's financial statements.

#2 - INCOMPLETE CHILD WELFARE FILES

2012: The Department agrees and will continue to stress the importance of adequate and timely documentation for those cases identified in the auditors' finding as well as for all child and family cases. The Department will also strive to continually update written procedures as changes and requirements in case practices are identified, approved and adopted, as further described in Finding 6. Communications to caseworkers and supervisors take place through announcement on the Department's intranet and email, through notes to automated case recordkeeping releases, trainings, and written Policy, Procedure, and Administrative Procedures. All Policy, Procedure and Administrative Procedure are available through the Department's intranet and web site.

To address the requirement with the largest number of case file deficiencies noted in finding, those case files that did not have fingerprints or photographs in them. In 2011 the Department changed procedures for processing and retaining fingerprints and photographs and they were to be in SACWIS (the electronic record) and not in the paper case file. Staff received the communications issued and began to follow the revised procedure. It is clear that written procedures did not reflect what the automated steps were for uploading in SACWIS due to an issue that was identified during implementation with POS not being able to utilize the functionality. This issue was resolved in January 2013 and the POS sector was notified. Revisions to written procedures were ready for posting, but held due to the issues being experienced by POS with the functionality. The process to revise and issue new procedures can now be completed.

The requirement for photos and fingerprints is for the purpose of notifying law enforcement with a recent photo, and for fingerprints to identify a deceased child. The Department had maintained the photos and fingerprints for children at all times; some were maintained the paper record, some were in the SACWIS electronic file, and some were in both. At all times, the Department was able to produce the records if needed in support of why we keep them for identification purposes.

To address the deficiencies in the areas of Medical & Dental Consent forms, Initial Placement Checklists, Permanency Planning Checklists, Placement & Payment Authorization Forms. The Department initiated a detailed review of the noted deficiencies and will continue to review the cases and compare the exceptions noted with procedure. After an initial investigation of selected cases identified in the detail supporting the missing forms for the finding, it appears that some were not required for cases where the goal for the child was one that did not require it. As the review proceeds any changes required to procedure or practice will be made. Also, the Department has implemented quality assurance reviews in each region to see if all required documents get into case files. Regional managers have been given the responsibility to implement monitoring/review processes that will ensure that documents in case files are current. The status of this monitoring process is discussed in weekly meetings with Regional Administrators and quarterly meetings with all supervisors/managers.

To address the issuance of notices regarding administrative case review hearings. The Department is reviewing the detail and identifying circumstances surrounding the timing. As the review progresses any changes to rule, procedure, or practice that may be needed will be initiated.

#3 - CHILD ABUSE AND NEGLECT DETERMINATIONS NOT MADE TIMELY

2012: 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 stipulations will be included within DCFS Procedures 300 that currently guide our investigators how to do the work. DCFS Procedures 300 is currently being re-written. The on-going 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.

The rate of determinations not in compliance with statute, as shown in the above chart, went from .10% in 2010 to 1.35% in 2012 due to a lack of being fully staffed. Critical vacancies play a significant role, when a team has vacancies there are delays in the disposing the investigation in 60 days. The Division of Child Protection is currently monitoring these cases weekly and developing action plans to get them completed. We are currently hiring and training additional investigative staff as part of our effort to help reduce delays and meet our 100% compliance timeframe.

#4 - UNTIMELY INITIATION OF CHILD ABUSE AND NEGLECT INVESTIGATIONS

2012: The Department will continue to make efforts to reach 100% compliance with the statute. It is always the Department's goal to initiate reports in 24 hours.

The Department recognizes that computer system malfunctions do occur and may reflect some delays that may not be real. This problem 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 entry error of the initiation date and time include situations where an AM was entered and it should have been PM and vice versa; after hour's initiation of good faith attempts by the worker who did not enter their information before the primary worker enters their in-person contact information.

New SACWIS updates will hopefully assist with, identify and correct the technical errors. 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. It is anticipated that the new SACWIS 5.0 system that was implemented on April 27, 2013 will assist the Department to improve over the next 6 months in helping to reach our goal.

#5 - REQUIRED DEATH REVIEWS NOT COMPLETED TIMELY

2012: The Department agrees with the finding and is continuing with its plan to improve compliance with the Act. The Department is current on entering deaths received from the Illinois Department of Public Health and current on SACWIS checks. We are also working on a new data base for CDRT that will allow deaths to be entered only once which should improve internal efficiencies. Each death reported must have a SACWIS check completed which requires staff to review each one to determine if it meets the CDRT mandate for review and pick discretionary cases. This SACWIS check and review is not currently affecting the time in which cases are reviewed and the Department is up to date. Once deaths are entered into the database and SACWIS checks are completed, the Review Teams are notified of the mandated cases.

Once the Teams are notified, they review the cases assigned to their teams at scheduled monthly or bi- monthly meetings. At this time, the Teams struggle with the 90 day deadline set by legislation due to the amount of time it takes CDR Teams to complete thorough reviews of cases. The Department works closely with each Team and monitors their progress on reviews. Currently Aurora has 9 cases from calendar year 2012 to review and, with monthly meetings, it could take two to three meetings to complete these cases before reviewing any cases from 2013 (none referred at this time). The two Cook regions have a total of 30 cases from 2012 to review with two teams reviewing the cases with scheduled bi- monthly meetings. Cook A has four cases scheduled for review this month and Cook B has five cases scheduled for this month; thus if no cases are carried over they will complete 9 cases this month and that will leave them with 21 cases to review. If both teams review five cases at upcoming meetings it will take two additional months before completing the reviews.

The East St Louis Team has three cases open. The Team is very thorough on cases and typically only reviews two cases each month. They will meet this month and then will require one more month to complete the current reviews. The Marion Team has eight cases open and they meet every other month. They will meet again in July. They will review four cases then and we will ask them to meet again in August to get these cases out which should complete the reviews. Peoria has five cases open. Peoria will meet in May and they usually meet every other month. They will probably review three cases this month and will meet again in July. Rockford has two cases open they will meet in June and will have these completed. There are no pending cases for review in the Springfield and Champaign Regions.