



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS DEPARTMENT OF HUMAN SERVICES

Compliance Examination
 For the Two Years Ended June 30, 2019

Release Date: July 7, 2020

FINDINGS THIS AUDIT: 38				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:	6	21	27	2018	11, 12		
				2017	1, 2, 6, 7, 8, 13, 15, 16, 17, 18, 24, 31	30, 33, 34	
Category 2:	2	9	11	2015	5, 22		
Category 3:	0	0	0	2013		28, 32, 37	
TOTAL	8	30	38	2011	14	27, 38	
				2009	23		
FINDINGS LAST AUDIT: 42				2007	26		
				2005	20, 25	35	

INTRODUCTION

Because of the significance and pervasiveness of the findings described within the report, we expressed an **adverse opinion** on the Department’s compliance with the assertions which comprise a State compliance examination. The Codification of Statements on Standards for Attestation Engagements (AT-C § 205.72) states a practitioner “should express an adverse opinion when the practitioner, having obtained sufficient appropriate evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the subject matter.”

Further, the digest covers our Compliance Examination of the Department for the two years ended June 30, 2019. A separate Financial Audit as of and for the year ended June 30, 2019, was previously released on April 28, 2020. In total, this report contains 38 findings, 12 of which were reported in the Financial Audit.

SYNOPSIS

- **(19-13)** The Department was unable to provide adequate records substantiating the completeness of populations for one or more laws, regulations, or other requirements selected for testing. Therefore, we concluded the Department’s population records were not sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35).
- **(19-20)** Internal control weaknesses were identified in the Department’s Home Services Program.

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.

**DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

EXPENDITURE STATISTICS (\$ expressed in thousands)	2019	2018	2017
Total Expenditures	\$ 5,773,932	\$ 5,543,054	\$ 5,577,769
OPERATIONS TOTAL.....	\$ 1,471,185	\$ 1,446,937	\$ 1,378,213
% of Total Expenditures.....	25.5%	26.1%	24.7%
Personal Services.....	58,743	60,901	398,981
Other Payroll Costs.....	51,618	52,308	74,903
Interfund Cash Transfers.....	-	-	51,000
Medical & Food Supplies for Distribution.....	177,865	185,204	201,294
Contractual Services.....	14,654	15,510	65,824
All Other Operating Expenditures.....	1,168,305	1,133,014	586,211
AWARDS AND GRANTS.....	\$ 4,295,987	\$ 4,087,735	\$ 4,191,850
% of Total Expenditures.....	74.4%	73.7%	75.2%
PERMANENT IMPROVEMENTS.....	\$ -	\$ -	\$ 4,629
% of Total Expenditures.....	0.0%	0.0%	0.1%
REFUNDS.....	\$ 6,760	\$ 8,382	\$ 3,077
% of Total Expenditures.....	0.1%	0.2%	0.0%
Total Receipts	\$ 1,878,241	\$ 1,884,974	\$ 1,802,624
Number of Employees, June 30 (Unaudited)	12,372	12,384	12,500
SECRETARY			
During Audit Period and Currently: Mr. James T. Dimas (through 3/15/19), Vacant (3/16/19 through 3/17/19), and Ms. Grace B. Hou (effective 3/18/19)			

INTRODUCTION

This report presents our Department-wide compliance attestation examination for the two years ending June 30, 2019. At June 30, 2019 the Department operated 6 Developmental Centers, 7 Mental Health Centers, 1 combined Mental Health and Developmental Center, and 3 Rehabilitation Services Facilities. The findings are presented in the report beginning at page 42.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

COMPLETE POPULATIONS NOT PROVIDED

The Department of Human Services (Department) was unable to provide adequate records substantiating the completeness of populations for one or more laws, regulations, or other requirements selected for testing, as of the end of fieldwork. Due to these conditions, we concluded the Department's population records were not sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Department's compliance with the following:

Specifically, some of the more important issues we noted were:

- While testing compliance with user access to the Payroll Timekeeping System (PTS), we requested user listings from the Central office and individual facilities in order to determine the accuracy and completeness of the populations. While Elgin Mental Health Center, Ludeman Developmental Center, and Illinois Center for Rehabilitation and Education provided listings, we were unable to verify the accuracy and completeness of these populations because users were not consistent between the Central office and facility listings.
- While testing obsolete or unused property at Elgin Mental Health Center, we noted the facility does not maintain a tracking mechanism for its obsolete or unused property. Due to this condition, we could not conclude that Elgin Mental Health Center's population records were sufficiently precise and detailed to test the obsolete or unused property.

Auditors unable to make conclusions for populations provided

Users of PTS were unable to be verified

Elgin Mental Health Center does not track obsolete and unused property

Ludeman Developmental Center could not provide its population of restraints used on residents

Madden Mental Health Center could not substantiate which residents received dental treatment during the examination period

ICRE could not substantiate population of instances of suspected patient abuse or neglect

- While testing compliance with various Mental Health and Developmental Disabilities Administrative Acts at the State Operated Mental Health and Development Disabilities facilities, we noted the following:
 - Ludeman Developmental Center was unable to provide adequate records substantiating the population of restraints issued during the examination period.
 - Murray Developmental Center was unable to provide adequate records substantiating the population of clients released from the facility during the examination period.
 - Ann M. Kiley Developmental Center, Ludeman Developmental Center, McFarland Mental Health Center, John J. Madden Mental Health Center, and Murray Developmental Center were unable to provide adequate records substantiating the populations of visitor entry logs (for visitors who visited the facilities' residents) during the examination period.
 - John J. Madden Mental Health Center was unable to provide adequate records substantiating the population of all recipients who received dental treatment during the examination period as the reports are only able to be generated once an individual has been discharged from the Center. As such, any individuals who had been treated during the examination period, but still resided at the facility, would not have been included in the population provided.
 - The Illinois Center for Rehabilitation and Education was unable to provide adequate records substantiating the population of instances of suspected patient abuse or neglect. The reports provided included instances ranging from minor bumps and bruises to cases of suspected abuse or neglect.

Even given the population limitations which hindered our ability to conclude whether the selected sample was representative of the population as a whole, we obtained the population provided by the Department for each of the areas the Department could not substantiate, selected a sample, and tested for compliance. Noncompliance for those samples selected are reported in Findings 2019-014 through 2019-017. (Finding 13, page 80-83)

We recommended Department management and staff strengthen controls over records maintenance for each area in which a compliance requirement is present. To every extent possible, population records should be sequentially numbered.

Department accepted the recommendation

The Department accepted the recommendation and stated it will (1) work to strengthen its controls over records maintenance, (2) work to ensure Contract Administration Obligations Unit staff follow the monthly SC14 process and procedures, (3) work to develop a means of identifying electronic devices assigned to separated employees, (4) implement a tracking system to monitor obsolete or unused property at the Mental Health Centers, (5) ensure proper tracking of employees trained to use restraints, (6) enhance visitor entry logs, (7) investigate system changes that would assist in tracking patient details prior to discharge from a Mental Health Center, and (8) the Ludeman Center will implement a corrective action plan including retraining of staff and implementation of consistent reviews of the Center's PTS access. SODC Operations will work with these Centers to provide re-training and monitoring to ensure compliance. Finally, the Department stated the Central Payroll office has recently filled a position to manage and oversee agency timekeeping/payroll access and security.

INTERNAL CONTROL WEAKNESSES IN THE HOME SERVICES PROGRAM

Internal control weaknesses were identified in the Department of Human Services' (Department) Home Services Program managed by the Department's Division of Rehabilitation Services.

Specifically, we noted the following:

- There was insufficient monitoring of case files to ensure program objectives were being met. There was an average of 31 supervisors at 46 field offices to monitor Home Services Program activities. On average, each supervisor was responsible for approximately 1,055 case files during FY 2019. There was an average of 125 counselors during FY 2019 and 137 counselors during FY 2018. There was an average of 262 case files per counselor during FY 2019 and 213 during FY 2018.
- A required increase in hourly wage paid by the Department to Home Services Program personal assistants and individual maintenance home health workers was to be effective by August 5, 2017 but was not implemented until April 1, 2019, or 604 days late. For the compliance period ending June 30, 2019, the Department paid back wages in the amount of \$28.6 million.

In FY 2019, one supervisor was responsible for 1,055 case files

No interagency agreement exists for the intake procedures and eligibility criteria for persons needing long term care

- The Department did not provide documentation of interagency agreements between the Department and the Department on Aging regarding the intake procedures and eligibility criteria for persons who may need long term care.
- The Department could not document that it sufficiently monitored third party providers who perform prescreening for Home Services Program eligibility on the Department's behalf, in order to determine if the processes are being reasonably performed in accordance with Department policy. (Finding 20, page 105-106)

We recommended Department management and staff strengthen internal controls and compliance over the Home Services Program by assigning additional staff resources or by enacting alternative means for monitoring program activities (including third party designees), annually obtaining and assessing a SOC 1 Type 2 report for functions performed by the pre-screening service provider, or perform a review of the service provider using Department staff who have the requisite expertise, and establishing an interagency agreement with the Department on Aging.

Department accepted the recommendation

The Department accepted the recommendation and stated it will continue to review staffing levels to ensure levels are appropriate for workloads in the Home Services Program. Furthermore, the Department will establish an Intergovernmental Agreement with the Department on Aging and work to increase reviews of pre-screening service providers.

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 audit/examination.

AUDITOR'S OPINION

The financial audit report was previously released. The auditors stated the financial statements of the Department as of and for the year ended June 30, 2019, 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, 2019, as required by the Illinois State Auditing Act. Because of the effect of the noncompliance described in Findings 2019-001 through Finding 2019-038, the accountants stated the Department did not materially comply with the requirements described in the report.

The financial audit and this compliance examination was performed by RSM US LLP.

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:jv