STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL
Christopher B. Meister, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES

State Compliance Examination
For the Two Years Ended June 30, 2025

Release Date: August 18, 2026

FINDINGS THIS AUDIT: 13	New	Repeat	Total
Category 1:	**0**	**3**	**3**
Category 2:	**2**	**8**	**10**
Category 3:	**0**	**0**	**0**
TOTAL	**2**	**11**	**13**
FINDINGS LAST AUDIT: 25			

AGING SCHEDULE OF REPEATED FINDINGS			
Repeated Since	**Category 1**	**Category 2**	**Category 3**
2024		**11**	
2023	**1, 3**	**9, 10**	
2021		**4, 5, 6**	
2017		**7, 8**	
2005	**2**		

SYNOPSIS

- (**25-02**) The Department of Healthcare and Family Services did not have adequate internal controls over personal services.
- (**25-03**) The Department of Healthcare and Family Services did not have adequate controls over accounts receivable.

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 personal services.

Department provided multiple, inconsistent employee populations

During our review of the employee population, we noted inconsistencies in reporting active, newly hired, and inactive/terminated employees. The Department provided multiple versions of the populations from different sources, which were not consistent with each other.

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

Department did not track required mandated reporter training under ANCRA

Even given the population limitations noted above, which hindered our ability to conclude whether the sample was representative of the population as a whole, we selected a sample of 60 employees for testing. During testing, we noted the following:

- One (2%) employee did not have a performance evaluation on file for fiscal year 2024.
- Eight (13%) employees tested did not have an evaluation of their performance conducted within four months after the end of their annual evaluation period. We noted these employees' evaluations were conducted between seven and 326 business days after the end of the four-month period to conduct each employee's evaluation.
- Two (3%) employees tested did not complete the required Health Insurance Portability and Accountability Act (HIPAA) training within 30 days of employment. We noted these employees' trainings were completed five and nine calendar days after the end of the 30-day period to complete initial HIPAA trainings.
- One (2%) employee tested did not have a signed statement acknowledging their responsibilities under the Abused and Neglected Child Reporting Act (ANCRA) before commencing their employment to immediately report to the Department of Children and Family Services (DCFS) a child known to them in their professional or official capacities may be an abused or neglected child.
- The Department does not track the required mandated reporter testing under ANCRA. As such, the Department was unable to provide documentation demonstrating the employees (100%) in our sample completed the initial mandated reporter training and/or the training required at least every three years. (Finding 2, pages 14-16) **This finding has been reported since 2005.**

We recommended the Department strengthen internal controls to maintain a complete and accurate population of employees, ensure staff members receive timely performance evaluations, properly document performance evaluations, and ensure staff members complete all required training courses. Further, we recommended the Department strengthen internal controls to ensure staff complete the required acknowledgement form documenting their understanding of their mandated reporting responsibilities under ANCRA prior to commencing employment and implement a tracking process to ensure mandated reporting training is documented.

Department accepted the recommendation

The Department accepted our recommendation.

INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE

The Department did not have adequate controls over accounts receivable.

Department did not submit all accounts receivable over 90 days to the Comptroller's Offset system, nor did it maintain proper documentation

During testing of accounts receivable, we selected a sample of 40 accounts, over 90 days past due, from the Department's Aging of Total Gross Receivables report (Form C-98) as of June 30, 2025. We noted the following:

- Two (5%) accounts, totaling $738, were not submitted to either the Comptroller's Offset System or sent to be certified as uncollectible. Additionally, the Department did not have documentation it had entered into a deferred payment plan or demonstrated to the Comptroller's satisfaction that referral for offset was not cost effective. Further, the Department did not have documentation demonstrating consideration of certifying the debts as uncollectible.
- Two (5%) accounts were originally identified by auditors as not being properly sent to the Comptroller's Offset System or sent to be certified as uncollectible pursuant to the Illinois State Collections Act of 1986 or the Uncollected State Claims Act. Upon notification, the Department conducted additional research, and the following weaknesses were noted:
    - One account, totaling $27,667, had a payment received; however, the payment was refunded in error. After our examination procedures, the Department contacted the vendor to request payment with more specific details to appropriately credit the account.
    - One account, totaling $470, was found to have duplicate account numbers, each reflecting the same amount due. The payments received were applied to one account, resulting in the duplicate account still showing a receivable. The Department posted correcting entries to

accurately reflect the payments received after notification. (Finding 3, pages 17-18)

We recommended the Department submit past due accounts receivable to the Comptroller for placement on the Comptroller's Offset System in accordance with the Illinois State Collection Act of 1986 or maintain documentation the Department had entered into a deferred payment plan or demonstrated to the Comptroller's satisfaction that referral for offset was not cost effective. Additionally, where applicable, we recommended the Department certify the accounts as uncollectible when the Department determines further collection efforts are not in the best economic interest of the State in accordance with the Uncollected State Claims Act. Further, we recommended the Department improve its internal controls over accurate recording of accounts receivable.

Department accepted the recommendation

The Department accepted our recommendation.

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.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the Department for the two years ended June 30, 2025, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2025-001 through 2025-003. 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.

This State compliance examination was conducted by Sikich CPA LLC.

SIGNED ORIGINAL ON FILE

COURTNEY DZIERWA
Deputy Auditor General

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

SIGNED ORIGINAL ON FILE

CHRISTOPHER B. MEISTER
Auditor General

CBM:KJM