

State of Illinois
DEPARTMENT OF HUMAN SERVICES

**COMPLIANCE EXAMINATION – CENTRAL OFFICE
AND DEPARTMENT-WIDE FINANCIAL AUDIT**

For the Two Years Ended June 30, 2005

**Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**



CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

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DEPARTMENT OF HUMAN SERVICES**

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**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

AGENCY OFFICIALS

Secretary	Carol L. Adams, Ph.D.
Assistant Secretary	Francisco DuPrey
Assistant Secretary	Grace Hou
Budget Director	Robert Brock
Business Services Manager	Steven Richie
Chief of Staff	Teyonda Wertz
Chief Financial Officer	Carol Kraus (Through 10/15/04) Robert Stanek (Effective 10/8/04)
Chief Operational Officer	Jerome Butler
Contract Administration Manager	David Hanbury
Fiscal Services Director	Solomon Oriakhi
Human Resources Manager	Anne McElroy (Through 3/31/05) Joan Bortoloan, (Acting, 4/1/05 Through 6/30/05) Elizabeth Gil (Effective 7/1/05)
Management Information Services Chief	Rafael Diaz (Through 8/15/05) Gerry Mitchell, Acting (Effective 8/16/05)
Office of Community Relations Director	Tracey Scruggs
Chief Legislative Liaison	Amy Brennen (Through 8/10/04) LaToya Price-Childs (Effective 8/16/04)
Assistant for Compliance Access and Workplace Safety	Audrey McCrimon
Hispanic/Latino Affairs Director	Salvador Diaz (Through 9/30/05) Mireya Hurtado (Effective 10/3/05)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

AGENCY OFFICIALS - Continued

General Counsel	Lauretta Higgins-Wolfson
Inspector General	Sydney Roberts (Through 7/29/05)
Special Projects	Carolyn Cochran-Kopel
Office of Strategic Planning and Performance Management Director	Ronald Carter
Office of Alcoholism and Substance Abuse Director	Theodora Binion-Taylor
Office of Rehabilitation Services Associate Director	Rob Kilbury
Office of Community Health and Prevention Director	Connie Brooks (Through 11/5/04) Steve Guerra (Effective 11/6/04)
Office of Developmental Disabilities Director	Jeri Johnson
Office of Mental Health Director	Christopher Fichtner, M.D. (Through 9/30/05) Corrie Stone, M.D. (Effective 10/1/05)
Office of Clinical, Administrative and Program Support Manager	Jim Hobbs
Office of Human Capital Development Director	Marva Arnold
Grant Administration Director	Sharon Zahorodnyj

Agency offices are located at:

100 South Grand Avenue, East
Springfield, Illinois 62762

401 South Clinton Street
Chicago, Illinois 60607



Rod R. Blagojevich, *Governor*

Illinois Department of Human Services

Carol L. Adams, Ph.D., *Secretary*

100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

MANAGEMENT ASSERTION LETTER

January 30, 2006

Sikich LLP
1000 Churchill Road
Springfield, IL 62702

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the year(s) ended June 30, 2004 and June 30, 2005, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

Sikich LLP
Page Two
January 30, 2006

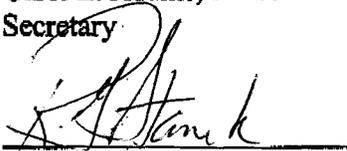
- E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Illinois Department of Human Services



Carol L. Adams, Ph.D.
Secretary



Robert Stanek
Chief Financial Officer



Laretta Higgins Wolfson 5/30/06
General Counsel

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

INTRODUCTION

As noted in the introduction to the Notes on Financial Related Data, our scope as special assistant auditors to the Auditor General is defined as follows:

- a. State compliance testing of the Central Office, which included certain decentralized locations funded through appropriations to the Central Office for the two years ended June 30, 2005.
- b. An audit of the Department of Human Services' financial statements leading to an opinion on the financial position and results of operations for the year ended June 30, 2005.
- c. State compliance testing of all appropriations to the Department of Human Services for travel expenditures, printing expenditures, equipment expenditures, electronic data processing expenditures, telecommunications expenditures, operation of automotive equipment expenditures, and lapse period expenditures for the two years ended June 30, 2005.

The findings that follow are the result of the compliance testing we performed. This report does not include findings developed by other special assistant auditors performing testing at the individual Mental Health and Developmental Centers, Center for Rehabilitation and Education – Roosevelt, and Schools for the Deaf or Visually Impaired. Any findings developed by these special assistant auditors are reported in their separate reports.

Any findings regarding procedural or administrative matters relating to all facilities are included in this report.

AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but contained report qualifications for compliance and internal control.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	37	36
Repeated findings	17	7
Prior recommendations implemented or not repeated	19	10

Details of findings are presented in a separately tabbed report section.

SUMMARY OF FINDINGS

FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-1	17	Failure to bill residents in a timely manner
05-2	19	Inadequate controls over commodities
05-3	22	Failure to claim Early Intervention costs and properly adjust financial statements

FINDINGS (*STATE COMPLIANCE*)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-4	24	Internal control weaknesses in the Home Services Program
05-5	27	Unexpended grant balance spent on unrelated programs
05-6	29	Weaknesses in the grant close out process and recovery of unspent funds in accordance with the Grant Funds Recovery Act
05-7	32	Filing erroneous emergency purchase affidavit in violation of the Illinois Procurement Code
05-8	34	Circumvention of competitive procurement requirements in the Illinois Procurement Code
05-9	36	Untimely signing and execution of written contract agreements
05-10	38	Modification of indemnification clauses without documented approval of the Department's Office of Legal Services
05-11	40	Inadequate controls over receipts
05-12	42	Inadequate loan receivable reporting for the Hansen-Therkelsen Memorial Deaf Student College Fund

FINDINGS (STATE COMPLIANCE) – Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-13	44	Refunds not deposited in a timely manner
05-14	45	Time sheets not maintained in compliance with the State Officials and Employees Ethics Act
05-15	46	Employee performance evaluations not performed on a timely basis
05-16	47	ICRE – Wood – Inadequate personnel development training
05-17	48	Commodity inventory system outdated and insufficient for user needs
05-18	50	Inadequate controls over travel at the Central Office
05-19	53	Travel Headquarters Reports Form TA-2 not filed timely with Legislative Audit Commission
05-20	54	Lack of physical control over property
05-21	56	Inadequate records for State vehicles assigned to Department employees
05-22	58	Motor vehicle accidents not reported to CMS in a timely manner
05-23	60	Inconsistent application of fuel tax exemptions
05-24	62	Inadequate recovery capability for critical computer systems
05-25	64	Inadequate procedures for disposal of confidential information
05-26	66	Inadequate physical security
05-27	68	Programmer access to computer systems
05-28	70	Hiring and staffing policies at the Department’s Treatment and Detention Facility
05-29	72	Staff resource allocation at the Treatment and Detention Facility
05-30	73	Weaknesses over timekeeping at the Treatment and Detention Facility

FINDINGS (STATE COMPLIANCE) – Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-31	75	Inefficiencies in the business office at the Treatment and Detention Facility
05-32	77	Inadequate controls over telecommunications at the Treatment and Detention Facility
05-33	79	Weaknesses in control over commodities at the Treatment and Detention Facility
05-34	81	Annual eligibility redeterminations for KidCare not being completed
05-35	82	Failure to fund the Illinois African-American Family Commission
05-36	83	Advisory council, committee, and board not meeting as required by State law
05-37	86	Members not appointed to Advisory Board for Services for Persons who are Deaf-Blind in accordance with State law

PRIOR FINDINGS NOT REPEATED
(GOVERNMENT AUDITING STANDARDS)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-38	87	Efficiency initiative payments
05-39	87	Weaknesses in preparation of GAAP reporting forms submitted to the Office of the Comptroller and preparation of year-end Department financial statements
05-40	87	Department not fully utilizing its current accounting system for federal purposes

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-41	87	Using current year appropriations to pay for future services to avoid lapsing funds
05-42	88	Improper payment of Developmental Center personnel costs from Central Office appropriations for awards and grants
05-43	88	No methodology for charging pharmaceutical expenditures
05-44	88	Excessive postage expenditures at fiscal year end, excessive year-end carryover of postage, improper usage of detail object codes for purchase of postage, and inadequate monitoring of postage
05-45	88	Failure to file Medicare cost reports in a timely manner resulting in delayed and suspended payments to the State
05-46	88	Failure to update daily billing rates for facilities in a timely manner
05-47	88	Failure to update allowance for uncollectible accounts receivable in a consistent and timely manner
05-48	88	Inadequate cash management procedures and recordkeeping for locally held funds
05-49	89	Failure to file locally held fund reports with the Office of the Comptroller
05-50	89	Overstocking of commodities inventories
05-51	89	Inadequate monitoring of Department phone calls
05-52	89	Workers' Compensation reports not filed in a timely manner
05-53	89	Inadequate segregation of duties over Department EDP equipment
05-54	89	Inadequate monitoring of providers receiving funds from the Comprehensive Community Based Youth Services Program
05-55	89	Failure to fulfill statutory requirements regarding the Early Intervention Program
05-56	90	Failure to establish policies and procedures for developing and implementing interagency agreements regarding child care services

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 19, 2006. Attending were:

Department of Human Services

Linda O'Rourke	Manager – Security and Quality Assurance, Management Information Systems
Roger Williams	Section Manager – Security and Quality Assurance, Management Information Systems
Debra Boggess	Assistant Counsel
Melanie Post	Deputy General Counsel
Dennis Erickson	Bureau Chief – Bureau of Collections/Fiscal Services
Paul Thelen	Audits – Human Capital Development
Keith Burklow	Bureau Chief – Bureau of Revenue Management and Federal Reporting/Fiscal Services
Shawn Henderliter	Acting Manager, Fiscal Unit, Division of Rehabilitation Services
Steve Bush	Fiscal Section Manager, Auxiliary Services – DDS/Department of Rehabilitation Services
Bill Strahle	Contract Compliance – Office of the SPO
Gary Anderson	Bureau Chief – Bureau of Expenditure Accounting/Fiscal Services
Rob Kilbury	Director – Department of Rehabilitation Services
Jerri Vogel	Bureau Chief – Bureau of General Accounting/Fiscal Services
Mary Fritz	Audit Liaison – Office of Fiscal Services
Albert Okwuegbunam	Audit Liaison – Office of Fiscal Services

Chicago Attendees:

Joan Westfall	Acting Director of Fiscal Services, Office of Mental Health
Rob Stanek	Chief Financial Officer
Solomon Oriakhi	Director – Office of Fiscal Services
Megan Burris	Audits – Human Capital Development
Pamela Kirian	Audits – Human Capital Development
Francisco DuPrey	Assistant Secretary

Office of the Auditor General

Paul Usherwood	Audit Manager
Joe Gudgel	IS Audit Manager

Sikich LLP – Special Assistant Auditors

Nick Appelbaum	Partner
Andy Lascody	Manager
Amber Sharp	Auditor

Responses to the recommendations were provided by Robert Stanek in a letter dated May 26, 2006.



INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Human Services Central Office's (the Department) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2005. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Department's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department's compliance with specified requirements.

As described in findings 05-1 and 05-3 in the accompanying schedule of findings and questioned costs, the Department did not comply with requirements regarding whether State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the aforementioned requirements.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the aforementioned requirements during the two years ended 2005. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings and questioned costs as findings 05-5 through 05-9, 05-11 through 05-16, 05-18 through 05-23, 05-25, 05-26, and 05-34 through 05-37.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Department's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Department's ability to comply with one or more of the aforementioned requirements. Reportable conditions are described in the accompanying schedule of State findings and questioned costs as findings 05-1, 05-2 and 05-3.

A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider findings 05-1 and 05-3 to be material weaknesses. Additionally, the results of our procedures disclosed other deficiencies in internal control, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings and questioned costs as findings 05-4 through 05-13, 05-15 through 05-18, and 05-20 through 05-34.

As required by the Audit Guide, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Department as of and for the years ended June 30, 2004 and June 30, 2005, which collectively comprise the Department's basic financial statements, and have issued our reports thereon dated December 2, 2004 and January 30, 2006, respectively. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Department. The 2004 and 2005 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2004 and June 30, 2005 taken as a whole. We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Department's basic financial statements for the year ended June 30, 2003. In our report dated December 30, 2003, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. In our opinion, the 2003 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2003, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

Siskin LLP

Springfield, Illinois
January 30, 2006



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Human Services (the Department), as of and for the year ended June 30, 2005, which collectively comprise the Department's basic financial statements and have issued our report thereon dated January 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Department's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Department's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-1, 05-2 and 05-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the

reportable conditions described above, we consider items 05-1 and 05-3 to be material weaknesses. We noted certain deficiencies in the design or operation of internal control over financial reporting which do not meet the criteria for reporting herein and which are reported as State compliance findings in the schedule of State findings and questioned costs. We also noted certain immaterial instances of internal control deficiencies, which we have reported to management of the Department in a separate letter dated January 30, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters which are reported as State compliance findings in the schedule of State findings and questioned costs. We also noted certain other matters which we have reported to management of the Department in a separate letter dated January 30, 2006.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

Stich LLP

Springfield, Illinois
January 30, 2006

FINDINGS (GOVERNMENT AUDITING STANDARDS)

05-1 **FINDING:** (Failure to bill residents in a timely manner)

The Department did not bill residents in State mental health and developmental disability facilities in a timely manner, resulting in significant lost revenue to the State and inaccurate Department account receivable balances.

There are 17 State operated facilities that provide services to recipients of mental health or developmental disability care or both. The Recipient Resource Unit (RRU) at each facility is responsible for determining resident billing information, including ability to pay, any private sources that may be billed (insurance or other responsible parties) or eligible federal government reimbursements (Medicare or Medicaid). Services are then billed and appropriate accounts receivable are established.

Testing at the John J. Madden Mental Health Center noted the Center did not process any billings during fiscal year 2005. Upon further inquiry, Department personnel stated four additional facilities were significantly delinquent in their billings (Alton Mental Health Center, Elgin Mental Health Center, Chicago-Read Mental Health Center, and the H. Douglas Singer Mental Health and Developmental Center). Department personnel further stated there may be billing delinquency problems at almost all facilities.

We were unable to determine the amounts that have not been billed for these facilities due to significant weaknesses in controls, but Department estimates range from \$3 million to \$9 million in unbilled services. Total accounts receivable from residents (not including unbilled services) were \$18.215 million, \$15.397 million, and \$12.188 million at June 30, 2003, 2004, and 2005, respectively. The decline in accounts receivable balances is primarily a result of residents not being billed. These totals also do not include amounts not billed to the federal government for Medicare and Medicaid eligible costs.

Failure to record receivables as services are provided is poor internal control and is ineffective cash management. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which provide assurance that...(4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports..."

In addition, good business practice dictates that services be billed and receivables be recorded in accordance with appropriate financial accounting standards and that balances be followed up on at regular frequent intervals. The uncollectible portion of these receivables based on historical experience is very high, approximately 87%. This underscores the importance of recording these receivables when the Department has a rightful claim. The longer a receivable is outstanding, the less likely any balance will be collected. Waiting indefinite periods of time to record a receivable will only impede collection efforts.

Department personnel stated billings are delinquent because staff resources allocated to the RRU at certain facilities have been cut back due to budgetary constraints. (Finding Code No. 05-1)

RECOMMENDATION:

We recommend the Department allocate sufficient staff resources to the RRU of each facility to process all delinquent billings and process all future billings in a timely manner.

DEPARTMENT RESPONSE:

Agree. Resources have been allocated to this function as of March 2006. A joint project entitled "State Facility Revenue Maximization Opportunities" has been undertaken. Consultants/contractors will take over some other billing systems of the Recipient Resource Units at the facilities so that the Recipient Resource Unit staff can work on billing residents. Centralized staff may be hired. Additional facility staff may be hired.

05-2 FINDING: (Inadequate controls over commodities)

The Department does not maintain a centralized oversight function over commodities, resulting in inadequate controls; this also includes improperly recording the value of the commodity inventory items on the Department's Warehouse Control System (WCS). Inventory control includes responsibilities at individual facilities, multiple warehouses, and Central Office locations.

During testing, we noted several exceptions and weaknesses over commodities inventories. We performed tests at various Central Office locations including warehouses while other special assistant auditors performed tests at certain facilities, schools, and centers. We noted the following inventory problems during our testing:

- At two facilities (Clyde L. Choate Mental Health and Developmental Center and W.G. Murray Developmental Center) the auditors were not able to determine the propriety of recorded inventories totaling \$1.321 million.
- Thirteen locations were tested with discrepancies and/or weaknesses noted at 10 (77%) of these locations.
- One facility posted an inventory reduction adjustment of \$265,410 after the year-end reports were printed. However, the year-end reports were utilized for financial statement purposes.
- During the engagement period, it was noted three facilities failed to perform a year-end physical inventory count of their pharmaceutical inventory.
- One facility removed its mechanical supplies inventory from the system with no authorization on file. The inventory existed; however, the facility treated it as an expenditure of the period.
- Tests also revealed problems related to overstocking of commodities, lack of written inventory procedures, inadequate segregation of duties, failure to make timely adjustments to inventory records, counts that could not be reconciled, inadequate records supporting additions or withdrawals from inventory, and areas being disorganized.
- Two facilities operated independent systems, one of which was a duplication of effort.
- We also noted the Bureau of Disability Determination Services maintained commodities inventories of \$226,301 as of June 30, 2005, even though the Department maintains a centralized warehouse in Springfield for supplies.

The WCS is the computer system used to track and value inventory at the Springfield and Chicago warehouses, which had a reported value of \$1,868,283 at June 30, 2005. During our testing, we noted problems with 13 of 60 (21.7%) items selected from WCS for testing. Similar problems were noted with the WCS during the previous three engagements. Although the Department has initiated procedures to review and monitor commodity costs, several errors or omissions were noted, including internally printed items. We noted the following problems during this engagement:

- The Department incorrectly entered the unit price for 1 item that was internally printed. This error was repeatedly entered into WCS on three different occasions because the same cost information is used for two different stock numbers and each is used in Springfield and Chicago. This error resulted from inaccurate costing information.
- The Department incorrectly entered the unit price for a form received from the Social Security Administration at no cost. However, it is entered into the Warehouse Control System at \$0.0108 per unit. Department personnel stated the WCS requires a positive value to be entered, therefore the value should be as close to zero as possible.

Good business practice would require the Department to maintain a centralized oversight function for commodities. In addition, generally accepted accounting principles require the proper valuation, reduction of overstocking, and control over annual physical inventory processes to ensure complete and accurate inventories for financial reporting purposes. A centralized function would allow Department personnel an individual person to contact with questions related to commodities and inventory processes.

Department officials stated controls over commodities were decentralized based upon job duties of legacy agencies and budgetary constraints. By failing to maintain centralized oversight over commodities, multiple problems have occurred. Department officials went on to note that pricing errors were attributable to a lack of review procedures to ensure implemented procedures are being adequately performed.

Strong internal controls would require a centralized oversight function related to commodities. This is important considering the Department made commodities expenditures of \$37.838 million during fiscal year 2005. In addition, the Department recorded ending commodities inventories of \$11.659 million at June 30, 2005. (Finding Code No. 05-2, 03-15, 03-17, 01-9 and 99-14)

RECOMMENDATION:

We recommend the Department establish a centralized oversight function related to commodities to allow for strengthened controls, which will also help ensure all inventory unit costs are properly recorded on WCS. We also recommend the Department develop a standardized cost accounting system for all internally printed materials to ensure all costs associated with an item are properly recognized.

DEPARTMENT RESPONSE:

Agree. The Department will investigate centralizing this function.

05-3 FINDING: (Failure to claim Early Intervention costs and properly adjust financial statements)

The Department did not claim over \$24 million under the federal Special Education Grants for Infants and Families with Disabilities (Early Intervention) program (CFDA #84.181) in a timely manner.

We noted the Department incurred costs under the Early Intervention program from April 2003 to June 2004 totaling \$24,020,422. These costs were not claimed with the federal government until fiscal year 2005, in some instances approximately 15 months after the cost was incurred. In addition, the Department did not report these reimbursements as receivables and related federal revenue in its fiscal year 2003 and 2004 financial statements in accordance with generally accepted accounting principles. This materially misstated the fiscal year 2004 Department financial statements and necessitated a prior period adjustment of over \$24 million in the fiscal year 2005 Department financial statements.

In addition, costs reported as part of the State-wide single audit in the Department's fiscal years 2003 and 2004 Schedule of Expenditures of Federal Awards were also understated by a total of \$24,020,422. Improper reporting of costs among federal fiscal years could have an effect on the determination of major programs for federal audit purposes.

Department officials stated program personnel did not draw down federal reimbursements in a timely manner due to the newness of the program and that expenditures claimed under this program also qualify for funding under other federal programs. These expenditures may qualify as direct claims or maintenance of effort for several programs.

The Department's failure to draw down these funds in a timely manner resulted in program expenditures being funded with State resources when federal resources were available. This also misstated the previous year Department financial statements and its Schedule of Expenditures of Federal Awards. (Finding Code No. 05-3)

RECOMMENDATION:

We recommend the Department establish controls to ensure all federal reimbursements are drawn down in a timely manner and are properly recorded in the Department's financial statements and Schedule of Expenditures of Federal Awards.

DEPARTMENT RESPONSE:

Agree. The Department is reviewing its accounting processes for the Early Intervention program. Changes to procedures for cash draws have already been implemented and other enhancements to the accounting process are scheduled for implementation before July 1, 2006. Fiscal Services will record the appropriate amounts in the financial statements and Schedule of Expenditures of Federal Awards.

While the Department did delay requesting funds from the 2003 and 2004 grants until fiscal year 2005, that process did not violate any provisions of the grant agreements.

FINDINGS (STATE COMPLIANCE)

05-4 **FINDING:** (Internal control weaknesses in the Home Services Program)

During our testing we noted numerous internal control weaknesses in the Department's Home Services Program (HSP) managed by the Department's Division of Rehabilitation Services (DRS). These were also noted in an agency management review.

The Home Services Program allows individuals with disabilities (customers) who are at risk of placement in a nursing home to remain in their homes. According to the Department, this is accomplished through use of a variety of services, the most prevalent of which is the use of individual caregivers known as personal assistants. During fiscal years 2004 and 2005, the Home Services Program maintained 44 offices and, over the course of those two years, on behalf of the customers, paid 37,498 personal assistants at a cost of \$237,637,194 and employed 38,708 personal assistants at a cost of \$226,616,783, respectively. Personal assistants are hired, supervised, and fired by the customer. The customer may hire a relative or other acquaintance as a personal assistant. Because the customer approves timesheets, and Department reviews are not adequate, personal assistants may be paid for excessive hours.

Department officials stated they had concerns regarding the controls within this program due to staff discovery of instances of fraud and abuse. As a result, the Department hired an independent contractor (public accounting/consulting firm) to review controls over the Home Services Program for the purpose of enhancing controls. The independent review noted numerous internal control weaknesses in the program.

We discussed the weaknesses identified in the independent review with program managers and a manager in the fraud division and noted the following weaknesses were still prevalent during the engagement period:

- The Home Services Program relies on the customer under an "honor system" to guard against abuse and to ensure compliance. The customer is responsible for approving and signing their personal assistant's timesheet. The supervisor reviews a sample of the case files, but not all timesheets are reviewed.
- HSP management stated the supervisor at each of the 44 offices generally reviews between two and five case files each month on a comprehensive basis for compliance with all program requirements from the beginning of the case. This review process results in less than 10% of case files being reviewed each year which is not adequate to ensure that staff are compliant with program requirements.
- There was little or no monitoring of the program by local office officials to ensure that program objectives were met. There is only one supervisor at each of the 44 local offices to monitor Home Services Program activities. On average, each supervisor was responsible for approximately 873 customer files during fiscal year 2004 and 880 case files during fiscal year 2005. HSP management stated during fiscal years 2004 and 2005, the supervisors reviewed approximately two to five files

monthly; this indicates that 12 to 60 files are being reviewed annually at each local office, which does not appear to be adequate to identify problems. The Home Services Program review process lacks structure and coverage needed to adequately monitor the program at the local office level. There was little or no supervisory monitoring of the counselors' activities. On average, local offices typically have eight districts with one counselor per district. HSP management stated statewide average caseload per counselor is 200, but in a few areas there were caseloads as high as 500. It does not appear possible for counselors to make home visits to as many as 500 customers annually and to evaluate whether the services were received.

- There was little to no review of the coordinator activities and of the personal assistant payroll processing. There is typically one coordinator per counselor who determines whether all required documentation is on file for each personal assistant, and who receives, reviews, and processes the personal assistants' time sheets. HSP management stated the Home Services' CPS payroll system allows coordinators to override controls to process payroll without taking additional steps or obtaining approval from the counselor or the supervisor when the hours budgeted for the customer have been exceeded. HSP management stated in some instances, personal assistants have faxed and mailed the same timesheet for a payroll period. The CPS system allows the coordinator to possibly pay the personal assistant twice for the same period. When this occurs, the coordinator receives the same error message as when the budgeted amount for the customer has been exceeded, which can be overridden without supervisory review.
- The fraud division did not appear to be adequately staffed to effectively identify, address or monitor fraudulent activities. We noted that the fraud division consisted of one person during fiscal year 2004, and four individuals at the end of fiscal year 2005. During fiscal year 2005, the fraud division investigated 717 reported cases of fraud. It does not appear that the fraud division is adequately staffed to investigate the number of reported cases.

Adequate review, monitoring and staffing are important to provide internal controls over the Home Services Program due to the size and decentralization of the program. (Finding Code No. 05-4)

RECOMMENDATION:

We recommend the Department implement procedures to strengthen internal controls over the Home Services Program as follows:

- The Division of Rehabilitation Services should consider the implementation of controls to monitor the timekeeping process for personal assistants.
- The DRS should review the function of the local office supervisor as it relates to the Home Services Program. The review of two to five customer files per month is clearly inadequate and should be increased to allow for broader coverage.

- Due to the size of the program and the caseload that each counselor maintains, counselors do not visit or monitor customers as necessary. The Department should allocate resources so that the caseload per counselor can be reduced to a lower level, or alternative controls should be implemented.
- Coordinators should be strictly prohibited from over-riding system controls with respect to personal assistants' budgeted hours. Local offices should also implement a segregation of duties in a coordinator position.
- Local offices should implement a policy to only accept hand delivered or mailed original, signed in ink, timesheets to prevent double entry to the payroll system. Additionally, all payroll mistakes should be reported to DRS MIS payroll processing so the Department can maintain accurate customer expenditure reports.
- The Department should consider restructuring the fraud division and/or allocating additional resources. The fraud division should be one of preventing as well as investigating and processing fraud cases. This division should bear primary responsibility for educating and training local office staff on detecting and preventing fraud. All fraud reports should be provided to upper management.

DEPARTMENT RESPONSE:

Agree. Corrective action has been taken for each point as follows:

- DRS was able to secure approval to establish a Quality Assurance Unit and expand the existing Fraud and Misspent Funds Unit in fiscal year 2006.
- DRS is augmenting the supervisory review process with the establishment of a Quality Assurance Unit which is charged with performing extensive reviews of casework statewide, both on a systematic and targeted basis.
- DRS, during fiscal year 2006, was able to nearly eliminate the backlog of overdue reassessments and is taking steps to ensure that reassessments are completed on a timely basis.
- DRS agrees that safeguards need to be put in place to ensure accurate payment of timesheets. To address this, in fiscal year 2006, DRS is implementing an extensive system of look-behind monitoring which is being implemented with the help of the new Quality Assurance Unit and the expanded Fraud and Misspent Funds Unit. DRS is also pursuing other potential electronic means of improvement in this area.
- DRS is addressing the issue of potential duplicates with the establishment in fiscal year 2006 of a comprehensive system of monitoring reports and follow up as well as expanded work by the Fraud and Misspent Funds Unit.
- DRS, in fiscal year 2006, was approved to add two staff to the existing two-personnel unit to start and will be adding a fifth person in the summer of 2006.

05-5 FINDING: (Unexpended grant balance spent on unrelated programs)

The Department expended approximately \$48,000 remaining from grants made by the Casey Foundation for a new program entitled Team Illinois. There is no evidence the Casey Foundation ever approved using the unexpended funds for the Team Illinois program.

The Department received grants from the Annie E. Casey Foundation (Foundation) from approximately 1993 through the end of 1999. During the engagement period, the Department was looking for ways to fund a priority initiative of the administration called Team Illinois. After searching old records, the Department determined there was \$48,000 remaining from Foundation grants, and used this to fund the Team Illinois program.

The Department was unable to provide documentation indicating the Foundation was aware they had unexpended funds, or that the Department was spending these funds on an unrelated program.

Team Illinois' mission statement is very dissimilar to what the Foundation Grants were provided for. Team Illinois' goal "is to demonstrate that by partnering with local residents, elected officials, and other stakeholders in communities that face multiple challenges and by concentrating its resources in these communities, the State can help communities build stronger infrastructures, achieve economic turnaround and create a foundation for future growth." The Foundation grants were intended to be used on projects such as the Caseworker's Academy and the Leadership Academy.

\$3,365 of the unexpended Foundation grant funds were used to pay for a covered wagon, dancers and entertainment for the Team Illinois program as part of a parade in Chicago.

Foundation funds were deposited into Fund 690, DHS Private Resources Fund. The current accounting system did not allow the Department to readily track unexpended grant funds.

Using Foundation funds for Team Illinois expenditures is a violation of the Foundation grant agreements. (Finding Code No. 05-5)

RECOMMENDATION:

We recommend the Department establish procedures to track unexpended funds from grant programs and either return unexpended funds or seek and document approval for these funds to be used for other programs.

DEPARTMENT RESPONSE:

Agree. When the Casey Foundation Grant expired, the Department contacted the Casey Foundation, at which time the Department was told that the Department could continue to use the funds for the purpose of the original grant. In 2004, the Secretary contacted the Casey Foundation and again was told that the Department could continue to use the funds for the purpose of the original grant. When the Department began the Team Illinois program, it was determined that this program initiative fell within the guidelines of the Casey Foundation Grant. Although both communications with the Casey Foundation were verbal, the Department is requesting that the Foundation confirm this understanding in writing.

05-6 FINDING: (Weaknesses in the grant close out process and recovery of unspent funds in accordance with the Grant Funds Recovery Act)

We noted weaknesses in the Department's procedures for reviewing final grant expenditures reported by grantees and the Department's subsequent recovery of unspent grant funds.

Annually, the Department reconciles approximately \$1 billion of grants and contracts awarded to over 1,000 providers. The Department awards grants in two basic manners: 1) reimbursements to grantees based on eligible grant costs, or 2) payment based on services projected to be provided in the contract or grant agreement. We noted, because of varying methods for determining unspent grant amounts and the multiple ways of recovering these amounts, the process is complex and not always standardized. The current grant close-out and recovery process also causes confusion among recipients of the grant funds.

We noted the following specific weaknesses:

- The year-end close out responsibilities are directed by program staff. Each program area submits to the Office of Contract Administration (OCA) a listing of those grants that should be reconciled by OCA. According to 89 Illinois Administrative Code, Ch. IV, §511.20 (Code), grant funds reconciled on the basis of eligible expenditures versus program revenues are the responsibility of the Department's Office of Contract Administration. Grant funds reconciled on the basis of eligible services delivered versus services projected are the responsibility of the Department's office or division administering the program.

The Department does not adhere to the Code when delineating close-out responsibilities. Not all grants reconciled on the basis of eligible expenditures versus program revenues are closed out at OCA. According to Department officials, OCA does few reconciliations for grants awarded by the Office of Alcoholism and Substance Abuse, the Office of Rehabilitation Services and the Office of Family Support Services of Human Capital Development.

Management at the Department's Office of Contract Administration (OCA) stated remedies of lapsed funds are resolved by 1) the program division or office accepting expenditures for other programs to offset against the lapse and passing such recommendation to OCA, 2) a check being remitted back to the Department from the provider, 3) offsetting the amount to be paid to the provider for services to be performed in the next year(s), or 4) the provider correcting mistakes to its grant report. OCA management stated that in the event the provider revises its grant report, in most instances, the provider will present OCA with a new grant report with an "in relation to" opinion from the provider's independent auditor documenting that the amounts had been tested by their auditor.

- The Illinois Grant Funds Recovery Act (30 ILCS 705/7) provides a remedy to a grantor, Department, when they believe grant funds are subject to recovery. The grantor, Department, shall provide the grantee, provider, the opportunity for at least one informal hearing “to determine the facts and issues and to resolve any conflicts as amicably as possible before taking any formal recovery actions.” Currently, the informal hearing is facilitated through a representative of the program area.

During our review of the fiscal monitoring files of the providers at OCA, we noted insufficient documentation exists to justify the resolution of lapse recoveries being taken to the informal hearing process. We noted OCA performed notification procedures as outlined in the Code and such procedures were documented within the provider fiscal monitoring files. However, we noted three instances in which the files had no documentation as to *how* the issue was resolved. This is a critical link in the chain that ensures OCA and the program areas acted in the best interests of the State to resolve overpayments. Without documenting the reason for the resolution, the reconciliation process at year end cannot be effectively managed.

- During our review of Financial Reporting Packages filed by providers for fiscal year 2004 contracts, we noted that one provider had a balance due to the Department of approximately \$7 million reported as a ‘Refundable Advance’ from a fiscal year 2004 contract. This particular contract was reconciled by the Child Care Program. This balance due was partially resolved by decreasing the provider’s fiscal year 2005 contract by \$3.2 million, but there was no documentation of how the remaining \$3.8 million balance was to be recovered. Based on additional testing performed on providers not reconciled by OCA, who received more than \$1 million in Department federal funds, this appeared to be an isolated incident.

These weaknesses are a result of a lack of a standardized overall methodology for closing out grants and recovering unspent grant funds. These weaknesses exist due to the complexity of the Department’s funding and award mechanisms and inconsistencies in monitoring between OCA and program staff. As a result, unspent funds could go unrecovered, or not be recovered in a consistent and timely manner.

In response to a recommendation from a prior engagement finding, the Department implemented Administrative Directive 01.07.01.020 outlining the Department’s grant funds recovery process. However, the Department did not always follow the Directive during this engagement period. (Finding Code No. 05-6, 03-7)

RECOMMENDATION:

We recommend the Department follow its Administrative Directive for closing out grants and recovering unspent grant funds. Further, the Department should collect unspent funds in compliance with the Grant Funds Recovery Act, and strengthen procedures for reviewing grantee audits to ensure unspent funds are properly collected.

DEPARTMENT RESPONSE:

Agree. Responsibility for Grant Close-Out was transferred to the OCA for all of fiscal year 2006. OCA is currently going after all unspent grant funds and is working with the Policy and Review Unit (in OCA) to assure that all lapsed funds identified in audits are recovered. The remaining balance cited in the report was recouped (deducted from future services) in fiscal year 2006.

05-7 FINDING: (Filing erroneous emergency purchase affidavit in violation of the Illinois Procurement Code)

The Department filed an emergency purchase affidavit for a purchase which was not an emergency, in violation of the Illinois Procurement Code.

During our review of emergency purchase affidavits, we noted the Department filed one affidavit to purchase a security system for the computer room at the Department's Division of Disability Determination Services. The reason cited for the purchase on the Illinois Procurement Bulletin website was, "To protect State property from further loss or damage and to avoid lapsing federal funds," and estimated the cost to be \$50,000.

Department personnel stated the purchase was a result of a review performed by the Social Security Administration which noted security controls over the computer room were weak. We noted the Department initiated the procurement process in March 2004, but due to a lack of planning and oversight, did not arrange to bid the contract. Department personnel stated the federal funds used for the purchase were one-time appropriations and would not be available in the next federal fiscal year. One month before the end of the federal fiscal year, the Department filed the emergency purchase affidavit and finalized the purchase on August 26, 2004. Department personnel added had this purchase occurred during the middle of the fiscal year, an emergency purchase affidavit would have not been necessary. They further stated they were unaware of any lapses in security for the computer room.

The Illinois Procurement Code (30 ILCS 500/20-30) states, "...a purchasing agency may make emergency procurements without competitive sealed bidding or prior notice when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property, to prevent or minimize serious disruption in State services, or to ensure the integrity of State records."

The Department indicated they initiated the procurement in March 2004 and contacted the Department of Central Management Services (CMS) for their approval of the procurement. CMS's review of the procurement lasted until late August, when they finally allowed the Department to move forward with the procurement. CMS's approval came too late to complete a bidding of the purchase of the security system by the end of the federal fiscal year, when the funds would have been no longer available for use by the State.

Emergency purchases can be filed only when there is a threat to public health or safety, when the repair will prevent further damage to state property, to minimize the disruption of State services, or to ensure the integrity of State records. This purchase did not meet these criteria. By filing an erroneous emergency purchase affidavit, the Department circumvented the bidding process mandated by the Illinois Procurement Code and ultimately spent \$75,515 on a project which was not an emergency and was not competitively bid. (Finding Code No. 05-7)

RECOMMENDATION:

We recommend the Department follow the Illinois Procurement Code and use the emergency provisions of the Code only in true emergencies.

DEPARTMENT RESPONSE:

Disagree. The Department was following the Illinois Procurement Code since another State Agency (Illinois State Board of Education), housed at the Alzina Building, had experienced losses of computer and other related equipment in the past. The Department was attempting to safeguard the integrity of State and federal records and protect against loss of State property.

The Office of the State Procurement Officer (SPO) assisted the Department in trying to get an Invitation For Bid (IFB) completed in time to have a contract in place by the end of the federal fiscal year (September 30). However, the Department of Central Management Services (CMS) did not allow the IFB to go forward until late August. The IFB process would not allow a contract to be in place by September 30. The federal awarding agency had stipulated that a contract had to be in place before the end of the federal fiscal year or the funding could be revoked. Also, the issue of security was discussed in a federal program audit. Therefore, in an effort not to lose federal funds, and to safeguard State assets, an emergency was declared.

AUDITOR'S COMMENT:

The parties in this procurement failed to act in a timely manner. The original review performed for the Social Security Administration discussing the security issues was for fiscal year 2003, and the Department was made aware of the security issues in July 2003. The Emergency Purchase was filed on August 26, 2004, 13 months later. The Department had ample notice and time to address the security issues but simply failed to do so in a prompt manner.

05-8 FINDING: (Circumvention of competitive procurement requirements in the Illinois Procurement Code)

The Department circumvented the Illinois Procurement Code by purchasing items without soliciting competitive bids. These purchases appeared to be strung in small amounts to avoid the requirements of the Illinois Procurement Code. Had these purchases been made all at once, they would be required to be competitively procured.

During our testing, we noted the following:

- The Department purchased four sonometers from the same vendor during fiscal year 2004. Each sonometer had its own separate purchase order. These four purchases were spread out over 10 business days. These items individually cost \$9,650 and totaled \$38,600. All four purchases were made from the same appropriation and none of them were competitively procured.
- The Department purchased the same office supplies from one vendor during fiscal year 2005 without seeking competitive bids. The Department made four purchases totaling \$18,997 for #10 envelopes; and four purchases totaling \$14,594 for identical labels, all eight purchases totaled \$33,591. The Department paid for all these supplies out of one appropriation. The Department should have solicited competitive bids for these supplies since these purchases were in excess of \$10,000 within the first three months of the fiscal year.

The Illinois Procurement Code (30 ILCS 500 *et seq.*) states contracts are to be awarded through competitive sealed bidding unless they are exempted. Contracts are exempted for small purchases, sole source procurements, and emergency purchases. Section 20-20 of the Code states, “Procurements shall not be artificially divided so as to constitute a small purchase under this Section.”

The Illinois Administrative Code (Code) (44 Ill. Adm. Code 1.2020) identifies small purchases as, “Procurements of \$25,000 or less for supplies or services.” In addition, the Code notes if there is a repetitive need for small procurements of the same type, the Procurement Officer shall consider issuing a competitive sealed bid or proposal for procurements of those needs.

Department personnel stated they were not aware they were stringing purchases. Failure to obtain competitive bids is noncompliance with the Illinois Procurement Code and can lead to the Department paying more for supplies. (Finding Code No. 05-8)

RECOMMENDATION:

We recommend the Department adhere to the procurement and purchasing requirements of the Illinois Procurement Code.

DEPARTMENT RESPONSE:

Agree. The Department has developed procedures to address the recommendation. Monitoring tools have been developed to track compliance with the new policy.

05-9 FINDING: (Untimely signing and execution of written contract agreements)

The Department's Mental Health and Developmental Centers and Schools (facilities) did not sign contracts before their starting date.

During our contract testing, we noted the following:

- Facility auditors identified exceptions at 19 out of 20 of the Department's facilities. For the 19 facilities with identified exceptions, they noted 158 of 286 (55.3%) contract agreements tested were not signed by all parties prior to the beginning date as set forth in the contract agreements. The average length of time between the beginning date of the contract agreements and their final required signature was 115 days, with a range of 2 days to 365 days. The contract agreements were for a variety of goods and services ranging from medical and laboratory services to repairs and maintenance. The total of the contract exceptions identified was over \$23 million.
- During our testing of facility contracts at the Department's Central Office, we noted 13 of 13 facility contracts (100%) were not signed by all parties prior to the beginning date set forth in the contract agreements. The average length of time between the beginning date of the contract agreements and their final required signature was 110 days, with a range of 42 to 280 days. The facility contracts were for medical services, lab services, academic and administrative services, and payments to service providers. The total amount of exceptions identified was over \$9 million.

Department management stated contracts were not signed in a timely manner due to a lack of monitoring and oversight, the number of contracts processed by the Department, and the time it takes to approve a contract at the facility and route it through the Department. Oversight and public accountability is compromised when contract agreements are not signed in a timely manner.

Contract agreements should be signed by all required parties prior to the beginning of the contract agreement term. This would necessitate their filing with the Comptroller near the beginning of their term thereby making the information readily available to the General Assembly, unsuccessful bidders, and the general public. In addition, failure to have the contract agreements signed before the beginning of the contract period does not bind the service provider for compliance with the applicable laws, regulations and rules. (Finding Code No. 05-9)

RECOMMENDATION:

We recommend the Department implement procedures to ensure that contracts are signed before the beginning date as set forth in the contract agreements.

DEPARTMENT RESPONSE:

Agree. The Department will work with the Department of Central Management Services (CMS) to verify if they have any procedures to address this finding or work with them to develop guidelines.

05-10 FINDING: (Modification of indemnification clauses without documented approval of the Department's Office of Legal Services)

The Department entered into contracts for medical services in which the indemnification clause was modified without the documented approval of legal counsel. These modifications were inconsistent and shifted liability to the Department in various manners.

The State of Illinois and the Department have boilerplate documents attached to contracts to ensure State contracts are consistent, fair, and do not expose the State to unnecessary liability. Department contracts contain a standard indemnification clause, which sets forth the Department will assume no liability arising from the actions of the contractor and the contractor will hold the Department harmless against any and all liability arising from intentional torts, negligence, or breach of contract by the provider.

During our testing, we noted 8 contracts in which the liability and indemnification clauses were modified without following established controls for review by the Department's Office of Legal Services. We noted the following:

- One contract contained an additional attachment to the indemnification clause. The contract was modified with three additional paragraphs. These modifications were approved by Department personnel, but not its Office of Legal Services. The first paragraph held the Department harmless against all liability arising from a physician's academic services. The second and third paragraphs held the Department responsible for and agreed the Department would indemnify the provider and physician for all liability arising out of administrative services performed by the physician and for all liability arising out of professional services furnished by the provider to patients hospitalized at a mental health center. Correspondence among Department personnel acknowledged that legal services reviewed these changes. Legal services stated that the second and third paragraphs are unacceptable to the Department and must be removed from the contract. However, the Department's Office of Contract Administration (OCA) still signed and processed the contract. Fourteen days later, the contract was deobligated, leaving the Department exposed to liability for 14 days.
- Three contracts contained an attachment with a modification to the indemnification clause. One contract held the Department responsible for and agreed the Department would indemnify the provider and physician for all liability arising out of academic and administrative services performed by the physician. The other two held the Department liable for only the administrative services performed by the physician. The first contract had its changes approved by OCA personnel; the latter two contracts did not. The Department could not document that these changes were approved by the Department's Office of Legal Services.

- Two contracts which were renewals of prior year contracts contained modifications to the indemnification clause. Both of the contracts had attachments which held the Department responsible for all liability resulting from the provider's administrative services. Modifications to these indemnification clauses are inconsistent with the other contracts.
- Two contracts added the phrase "To the extent permitted by Illinois Law" into the indemnification clause. One of the two contract's changes was approved by OCA personnel; the other contract's changes were not. The Department could not document that these changes were approved by the Department's Office of Legal Services.

All of these contracts were for medical services performed by doctors, and they inconsistently shifted some or all of the liability from the contractor onto the Department without documented approval by the Department's Office of Legal Services. These modifications could leave the Department and ultimately the State exposed to additional liabilities under these contracts. (Finding Code No. 05-10)

RECOMMENDATION:

We recommend the Department implement procedures to ensure contracts with modified or additional terms be sent to the Office of Legal Services for review and approval prior to being signed/executed by the Department.

DEPARTMENT RESPONSE:

Agree. The OCA implemented a new policy for all of fiscal year 2006 whereby all contract changes (additions or deletions) must be approved by the Department's Office of Legal Services before the contract is executed.

Legal Services submits an e-mailed memo to OCA that is printed and kept in the appropriate agency contract file.

05-11 FINDING: (Inadequate controls over receipts)

The Department failed to deposit receipts into the proper fund and, due to the lack of an adequate receipt reconciliation process, these errors were not corrected by the Department in a timely manner.

The Department failed to post reconciling items noted during the receipt reconciliation process to the primary accounting system (CARS) and did not notify the Comptroller of adjustments needed for the State-wide receipt records in a timely manner. This resulted in significant receipt overstatements and understatements in the Department's and Comptroller's records throughout fiscal years 2004 and 2005.

The Department does not have an adequate process in place to identify receipts deposited into the wrong fund on the Department's and Comptroller's records. The current reconciliation process only compares receipts per the Department's records and the Comptroller's records, but does not identify instances of receipts drawn into an incorrect fund. The Department prepared monthly fund reconciliations during the fiscal year, but because they were not completed in a timely manner, the errors were not corrected.

We identified the following exceptions related to the Department's receipts reconciliation process:

- During our receipt reconciliation testing, we noted 22 out of 120 (18.3%) revenue source codes tested contained reconciling items that were not corrected within one to two months of identification.
- We noted nearly 200 reconciling items in the DHS Recoveries Trust Fund June 30, 2004 and June 30, 2005 receipt reconciliations, specifically the Excess Assistance and Food Stamp Program Recipient Collections revenue source codes. These reconciling items relate to activity throughout the entire fiscal years.
- During the engagement period, the Department was still posting receipt adjustments to the Department's CARS accounting system for fiscal years 2000 through 2003. The Department's accounting system will not be closed for these four fiscal years until the Department posts all necessary adjustments based on the year-end receipt reconciliations. During the engagement, we noted the Department's current receipt code listing contains approximately 80 obsolete revenue source codes. Subsequent to the engagement period, the Department had completed posting receipt adjustments to the CARS accounting system and requested that the Comptroller delete these obsolete revenue source codes.
- The Department did not reconcile its receipt records to Comptroller records on a monthly basis. In 61 of the 120 revenue source codes tested (50.8%), the reconciliation was not completed until after one month was over; in several cases the reconciliations were not started until four months later.

- The Department's June 30, 2004 and June 30, 2005 receipt reconciliations indicate the Department's and/or Comptroller's records contained reconciling items among funds or posted to the incorrect receipt account. The reconciling items noted totaled \$13.5 million and \$7.5 million, respectively.
- We noted the Department did not maintain accurate and properly reconciled receipts records at its Centers. During testing of receipts sent by the Department's Mental Health and Developmental Centers (Centers) to the Department's Central Office for processing, we noted the following:
 - Fifteen receipts totaling \$2,603 were submitted to the Department's Central Office by five Centers for processing and were incorrectly posted to another Center's account.
 - The receipt accounts for four Centers included 20 receipts totaling \$2,183 that should have been deposited into other Center's accounts.
 - Three receipts were not deposited timely by the Department's Central Office shortly after they were received by the Centers. Two of the receipts/checks were not deposited for over 300 days, one receipt was never deposited and a replacement had to be requested.
 - One receipt from a Center was deposited by the Department's Central Office into the wrong fund.

The Comptroller's Statewide Accounting Management System (SAMS) procedure 25.40.20 requires agencies to perform monthly reconciliations between receipt account balances maintained by the agency with the statewide receipt account records maintained by the Comptroller's Office so that the necessary corrective action can be taken to locate the differences and correct the accounting records. In addition the Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) requires each State Agency to establish and maintain an effective system of internal control, which would include the processing of receipts/checks.

Department personnel stated these problems are a result of staffing turnover. Failure to implement adequate internal controls over the processing of receipts/checks increases the risk that errors and irregularities could occur and not be detected. (Finding Code No. 05-11, 03-8, 01-11)

RECOMMENDATION:

We recommend the Department ensure all receipt transfers and adjustments be immediately recorded in the CARS accounting system. Further, any adjustments noted when performing Comptroller reconciliations should be promptly investigated and posted.

DEPARTMENT RESPONSE:

Agree. The Department will monitor the completion of all reconciliations and post adjustments to CARS in a timely manner.

05-12 FINDING: (Inadequate loan receivable reporting for the Hansen-Therkelsen Memorial Deaf Student College Fund)

The Department had inadequate controls for awarding, tracking and reporting loans from the Hansen-Therkelsen Memorial Deaf Student College Fund (0123) (Fund).

The Fund is used to make low interest loans, not exceeding four years, to deaf students to obtain a college education. Any borrower from the Fund must meet the qualifications of being a graduate of the State of Illinois School for the Deaf at Jacksonville, Illinois, or a resident of the State of Illinois for at least two years immediately preceding the loan and must evidence an actual need for financial assistance in order to obtain a college education. No interest shall start accruing on a loan until six months after the borrower has stopped full time attendance in college courses. Then, the borrower shall repay the loan in monthly installments amortized over a reasonable amount of time.

During our testing, we noted the following:

- The Department does not maintain an adequate listing of individual loan receivable balances owed to the Department. The Department was unable to provide a listing of all loan receivable balances without creating the list. In addition, the Department does not maintain adequate supporting documentation regarding the student's college status in order to determine when repayment should begin. The Statewide Accounting Management System (SAMS) Procedure 26.10.20 "Accounts Receivable Reporting" states, "Agencies must maintain internal accountability of all receivables." The Department has inadequate communication between the Illinois School for the Deaf and the Bureau of Collections for the recording and maintaining of these receivables.
- The Department does not charge or collect interest on the loan receivable balances as noted in the signed loan agreements. Payments are applied to principal only. Rules for the Fund as contained in 89 Illinois Administrative Code 835.40 state, "The interest rate for each loan shall be assigned at the time the original loan is made and shall remain fixed at that rate for all successive loans for that student." Further, "Interest shall begin accruing and repayment of the loan shall begin six months after 1) graduation, 2) the student ceases to be a full-time student, or 3) the expiration of the four years of eligibility, whichever comes first."
- The Department does not report the allowance for uncollectible accounts on the quarterly accounts receivable reports submitted to the State Comptroller. This resulted in adjustments to the financial statement totaling \$30,000.

Department personnel stated CARS is unable to calculate interest on the outstanding accounts receivable. Additionally, an individual has not been appointed to create a master accounts receivable listing.

These weaknesses indicate a lack of control over the accounting, tracking and reporting of loans from the Fund which weakens control over State assets and results in noncompliance with SAMS and the Administrative Code. (Finding Code No. 05-12, 03-13)

RECOMMENDATION:

We recommend the Department record all loan receivable balances, maintain adequate documentation of each loan including the current status of each student, and record and collect interest in accordance with the loan agreement.

DEPARTMENT RESPONSE:

Agree. Accounts receivables are established for all Hansen-Therkelsen Memorial Deaf Student College Fund loans that are not deferred per the bequest and by Rule (89 Illinois Administrative Code 835) due to the student attending school. Procedures were developed in March 2005 for the Illinois School for the Deaf (ISD) to report to the Bureau of Collections (BOC) bi-annually those students who are no longer attending school and refer the debt to BOC for establishment of the account. Both ISD and BOC are now tracking the deferred debt. BOC will send a quarterly summary of activity to ISD. BOC started calculating the interest in March 2006. Interest will continue to be calculated and added quarterly. BOC will calculate the uncollectible amounts quarterly for the accounts receivable reports submitted to the Comptroller in July 2006.

05-13 FINDING: (Refunds not deposited in a timely manner)

The Department did not deposit refunds in a timely manner.

During our testing, we noted 11 of 60 (18.3%) refunds tested totaling \$169,801 were not deposited in a timely manner. Refunds were deposited from 1 to 18 days late.

<u>Days Late</u>	<u>Number of Exemptions</u>
1-5	6
6-10	3
10-20	2
	<u>11</u>

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2) specifies deposit requirements based on the amount of receipt and also allows for deposit extensions if approved by the Treasurer and Comptroller. The Department did not make timely deposits taking into account any applicable deposit extensions and deposit criteria specified in the Act.

We also noted the Department did not note the date it originally received the refund check. The Department’s Cash Management Unit date stamps all checks when they are received. We used this as the original receipt date when testing timeliness of deposits. However, many of these checks may have been originally received by other areas within the Department and were not date stamped, indicating it took longer to deposit checks than noted above. The Act requires the Department to note the original receipt date.

Cash Management Unit personnel stated checks may be held in other areas of the Department and submitted as a batch instead of individually. They further indicated it may take time to identify the original voucher information to determine the appropriate fund in which to make the deposit.

Failure to deposit refund checks in a timely manner is in violation of the Act and could allow for checks to be lost or misplaced. (Finding Code No. 05-13)

RECOMMENDATION:

We recommend the Department follow the Act and deposit refund checks in a timely manner. We also recommend the Department record the original date of receipt as required by the Act.

DEPARTMENT RESPONSE:

Agree. The Department will monitor the receipt and processing of refund checks to ensure checks are deposited timely in accordance with the Act. We will also meet with program staff to ensure that checks are date stamped when received and the checks are forwarded timely to the Cash Management Unit.

05-14 FINDING: (Time sheets not maintained in compliance with the State Officials and Employees Ethics Act)

The Department is not maintaining time sheets for its employees in compliance with the State Officials and Employees Ethics Act (Act).

The Act requires the Department to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.”

We noted the Department’s employees did not maintain time sheets in compliance with the Act. Employee time is tracked through use of the Daily Staff Attendance Report (DSAR) which is the official record of employee time and attendance. The DSAR is a sign-in sheet maintained by timekeeping group each calendar day. The DSAR does not document the time spent each day on official State business to the nearest quarter hour in compliance with the Act. Senior management employees separately document their time on time sheets in 15 minute increments.

Department management stated they relied on advice from the Governor’s Office staff which initially stated that agencies using the Department of Human Services payroll system would be in compliance with the Act.

By not maintaining appropriate time sheets, the Department is not in compliance with the Act. (Finding Code No. 05-14)

RECOMMENDATION:

We recommend the Department amend its policies to require employees to maintain time sheets in compliance with the Act.

DEPARTMENT RESPONSE:

Agree. The Department will communicate with the Department of Central Management Services, as lead Agency on the Personnel Rules, the need to ensure the Department's timekeeping policy is in compliance with the State Officials and Employees Ethics Act.

05-15 FINDING: (Employee performance evaluations not performed on a timely basis)

The Department did not conduct employee performance evaluations on a timely basis.

During our testing, we noted that 31 out of 65 (47.7%) Central Office employees sampled did not have a performance evaluation on a timely basis. In addition, facility auditors noted that 205 out of 559 (36.7%) facility employees at twelve facilities did not have a performance evaluation on a timely basis. Many of these employees had not had evaluations for several years. One of the individuals has not had an evaluation in nearly seven years.

Personnel rules issued by the Department of Central Management Services (80 Ill. Adm. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less often than annually. Annual evaluations support administrative personnel decisions by documenting regular performance measures. The Department's Employee Handbook refers to the employee performance appraisal, but states no specific timing requirements.

Several of the exceptions noted were regarding Merit Compensation employees. Merit Compensation employees usually receive a raise once a year depending on their employee performance evaluations. Department personnel stated during fiscal year 2004, there were no Department merit compensation increases. Department personnel indicated that the supervisors and employees do not feel the urgency to complete performance evaluations without the incentive of a raise.

Without performance evaluations there is no documented basis for promotion, demotion, discharge, layoff, recall, or reinstatement. (Finding Code No. 05-15)

RECOMMENDATION:

We recommend the Department follow the Personnel Rules and hold management accountable for completing employee performance evaluations on a timely basis.

DEPARTMENT RESPONSE:

Agree. The Department is monitoring evaluations through a master list. Notification that evaluations are due are sent in advance. The Personnel Office continuously works with staff to ensure that late evaluations are submitted.

05-16 FINDING: (ICRE – Wood – Inadequate personnel development training)

Not all the Illinois Center for Rehabilitation and Education (ICRE) – Wood employees received all the required personnel development training.

None of the five employees tested during fiscal year 2005 received the required 3-day annual training as provided in the Union Agreement. ICRE – Wood employed 32 and 31 personnel during fiscal years 2004 and 2005, respectively.

The Department of Human Services, Office of Rehabilitation Services (DHS – ORS) has an existing policy on training which requires a specific number of annual training hours for each job classification that varies from 15 to 40 hours. In addition, the Employee Union Agreement also requires a minimum of three-day annual training for employees.

Department officials stated that no person in ICRE – Wood was designated to monitor training and that caused the above exceptions.

Lack of adequate training is non-compliance with applicable training policies and may lead to poor quality of services provided to customers. (Finding Code No. 05-16, 03-36)

RECOMMENDATION:

We recommend ICRE – Wood management designate a training coordinator and establish procedures for monitoring and ensuring all employees receive the required annual personnel development training.

DEPARTMENT RESPONSE:

Agree. The training hour mandates were rescinded for staff throughout Division of Rehabilitation Services (DRS) per a letter from the Division Director dated May 24, 2004. Therefore, while DRS did fail to meet this self-imposed goal during the majority of fiscal year 2004, it was not a requirement for fiscal year 2005 and beyond.

05-17 FINDING: (Commodity inventory system outdated and insufficient for user needs)

The Department's Commodity Control System (CCS) is a batch entry system developed over 30 years ago that does not allow users real time inventory controls regarding inventory management and purchasing.

The CCS is utilized for inventory at all mental health and developmental centers and for the Bureau of Pharmacy and Clinical Support Services pharmaceutical warehouse. The CCS had an inventory balance of approximately \$9.1 million at June 30, 2005.

We noted the CCS does not allow the system user to readily review the purchase history of items to ensure the commodities are accurately priced under the average cost method. Under the average cost method, inventory is valued based on the average purchase price (cost) of the items in stock. The Department could not provide us with support to test the price of items carried in inventory due to the obsolescence of the CCS computer system.

We performed inventory test counts on Thursday, June 30, 2005. Since the CCS only provides for a weekly report, which is run on Sunday nights, actual quantities of stock are not readily available at any given time. For our inventory count on Thursday, June 30th, we originally tried to reconcile to the quantities on the previous Sunday night's report; but when that proved to be unsuccessful, we used the July 3rd report and tried to reconcile to the June 30th balances. When we returned to recount the items that were initially off, we found newly trained personnel had adjusted quantities incorrectly and the weekly report was inaccurate. Actual inventory counts are not taken on a regular basis, therefore the errors would not have been detected for some time.

Generally accepted accounting principles require the proper valuation of inventory for financial reporting purposes. This would require verifying each purchase transaction and updating specific item information as purchases are made throughout the year. This includes utilizing an appropriate cost accounting system to recognize the average cost for all items. By not maintaining appropriate records, the Department's overall inventory could be materially misstated.

Department personnel indicated a state-of-the-art inventory system would be desirable, but is not practical in the near future due to significant budgetary constraints. Department personnel stated they planned to update the Department's clinical system, which would include the pharmacy portion of the CCS. Department personnel could not provide a cost estimate for updating CCS.

Department personnel also stated a weekly hard copy of prior reports was available should we want to attempt to use these for price testing. However, this is not a practical audit or management tool to provide useful, current information.

An outdated computer inventory system may result in over-purchasing, waste, obsolescence, theft, loss, or unauthorized use of State assets, and contributed to the inadequate controls over commodities noted in finding 05-2. Recording of inventory quantity information is crucial to maintain control over and to properly manage inventory quantities, such as determining reorder and overstocking points. This is especially important due to the size of the Department and the number of users throughout the State. By not maintaining appropriate records, the Department's overall inventory could be materially misstated and the inability to correctly monitor the CCS system may result in inefficiencies.

This finding was noted as an immaterial finding in the prior two engagements, but due to its significance and lack of progress in addressing the recommendation, it is now included in the compliance report. (Finding Code No. 05-17)

RECOMMENDATION:

We recommend the Department ensure CCS users have access to all necessary information required to manage inventories. In addition, the Department should upgrade the CCS or implement a new system that includes a real-time inventory system with capabilities to access current inventory levels so all inventory unit costs are properly recorded. Periodic testing of the CCS or an upgraded system should also be performed to determine the system is properly calculating inventory values.

DEPARTMENT RESPONSE:

Agree. The Department will investigate extending the current warehouse control system to all program areas.

05-18 FINDING: (Inadequate controls over travel at the Central Office)

The Department does not have an adequate system of internal control over travel costs incurred by employees.

The Department's procedures over the review and approval of travel expenditures are not sufficient to ensure travel costs are in compliance with Travel Regulations. During our engagement, we noted the following:

- Travel vouchers were not submitted in a timely manner. Eleven instances of late filing were noted during our testing, ranging from one month to four months late. Administrative Directive 01.05.02.070 states, "All travel vouchers, form C-10, must be submitted for processing no later than 30 days from the last day of the month of travel. Travel in one month must be submitted by the end of the next month, i.e., any travel in July must be submitted by August 31."
- Five travel vouchers were missing receipts for expenses. Fourteen receipts were missing for a total of \$849 related to lodging, but no written explanation was provided on the voucher. State Travel Regulations require receipts or written explanations to be provided when receipts are not available for all expenses over \$10.
- Two employees submitted expenses over the allowable rate for lodging. One employee was reimbursed for stays in Springfield for one night at \$89 and Chicago for two nights at \$155 per night. Another was reimbursed for a stay in Springfield for \$79. At the time the travel was incurred, the maximum rate for Springfield was \$70 per night and for Chicago \$149 per night unless a written request for an exception was submitted. No such request accompanied the travel vouchers.
- Two instances were noted where the travel vouchers and related support could not be located at the Department. The amounts billed for the vouchers were \$231 and \$114.
- We noted a duplicate payment for three nights of lodging totaling \$216 where the cost was direct billed by the hotel as well as reimbursed to the employee on his travel voucher. The overpayment has yet to be recovered.
- Claims for mileage were overstated on four travel vouchers resulting in overpayments totaling \$125, which have not been reimbursed to the Department.
- One employee claimed mileage from Rockford to residence of 32 miles (\$11.52). However, headquarters is indicated as Rockford on travel voucher.
- One employee used his personal automobile for travel on a regular basis rather than utilizing a State automobile. During our testing, we noted the employee was reimbursed \$13,560 for personal automobile mileage during the engagement period.

In addition, we conducted travel voucher testing at the ICRE-Wood facility, where we noted the following:

- Two travel vouchers were missing receipts for lodging totaling \$200, but no written explanation was provided on the voucher. Travel Regulations require that receipts or written explanations are necessary for all expenses over \$10.
- Claims for mileage appeared to be in excess of official mileage for one employee. Total overbilling associated with these vouchers was \$37.24.
- One travel voucher did not list the employee's headquarters on the voucher.

Reimbursement for travel expenses is governed by the State Finance Act (30 ILCS 105/12) and the Department is subject to the regulations issued by the Governor's Travel Control Board. Section 2800.200 of the rules promulgated by the Governor's Travel Control Board (80 Ill. Adm. Code) state, "Each agency shall develop a system to ensure compliance with this Part, provide for prior authorization and control of travel sufficient to prevent obligation of funds exceeding appropriation and allotment limitations and to hold travel to the minimum required for the efficient and economical conduct of the State's business." Noncompliance with these requirements could result in the improper expenditure of State funds.

The Department may be incurring excessive travel costs by not enforcing travel policies. An adequate system of internal controls over travel costs is essential since the Department's Central Office incurred travel costs of \$3,222,903 and \$3,666,879 during fiscal years 2005 and 2004, respectively.

Department management noted these situations occurred due to lapses in the review and approval of travel vouchers. The Department's review process was not adequate to ensure the required procedures were followed. Failure to ensure compliance with applicable rules and regulations results in a loss of control over travel expenditures and may result in improper State payments. (Finding Code No. 05-18, 03-19)

RECOMMENDATION:

We recommend the Department follow the required procedures over travel and stringently review travel vouchers prior to being approved for reimbursement. Also, the Department should collect any overpayments previously made to travelers.

DEPARTMENT RESPONSE:

Agree. During the period of the examination, the Department did not have sufficient staff in the Office of Fiscal Services to review all travel vouchers submitted for payment. Due to the staff shortage only approximately 20% of vouchers are reviewed in detail. A daily process to check for possible duplicate travel payments was instituted. A special Crystal report is now run on a daily basis by both the Expenditure Control Section and the Voucher Processing Section to identify possible duplicate payments. Any voucher that shows up on the report is then checked to ensure that it is not a duplicate payment. Any duplicates are removed from the system. Until the vacancies are filled, vouchers will continue to be randomly selected for audit. We have requests in process to fill four vacant positions.

05-19 FINDING: (Travel Headquarters Reports Form TA-2 not filed timely with Legislative Audit Commission)

During our review of Department Travel Headquarters Reports (Form TA-2) filed with the Legislative Audit Commission (LAC), we noted nine forms that were filed late and five forms that were not properly dated.

The State Finance Act (30 ILCS 105/12-3) requires that each State agency "...shall file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time. The reports shall be filed with the Legislative Audit Commission... The report shall list, for each such officer or employee, the place designated as his or her official headquarters and the reason for that designation." The Act also requires the reports to be filed with the LAC no later than January 15 and July 15 of each year.

During our testing of 530 Form TA-2s for fiscal years 2004 and 2005, we noted 14 (2.6%) were either filed late or did not include the date on the form. Nine forms were filed from one day to six months late. Five of the 14 forms were not dated.

Department officials stated untimely Form TA-2s were filed due to miscommunication among Department staff. Department officials stated they sent out a request to all organizational units two times a year requesting employees who spend the majority of time away from their headquarters to be listed. Failure to file timely and complete Form TA-2 is in noncompliance with the State Finance Act. In addition, failure to file mandated reports in a timely manner reduces the effectiveness of governmental oversight. (Finding Code No. 05-19, 03-18)

RECOMMENDATION:

We recommend the Department file all Form TA-2s with the Legislative Audit Commission in a timely manner as required by the State Finance Act.

DEPARTMENT RESPONSE:

Agree. The Administrative Directive 01.05.02.010 will be amended, and the Office of Business Services will meet with program areas to coordinate and ensure reports are sent timely to the Travel Coordinator, and also will work with Human Resources to obtain travel status information for new hires expected to travel 50% of their time.

05-20 FINDING: (Lack of physical control over property)

The Department did not have adequate physical control over or recordkeeping for property.

As of June 30, 2005, Department's Central Office property was valued at \$114,405,563, including Illinois Center for Rehabilitation & Education – Wood Facility (ICRE-Wood) property valued at \$4,280,438.

The following discrepancies were noted during property testing:

- 47 of 443 (10.6%) items on the location property listings, totaling \$132,702, were not able to be physically observed at the respective locations, and the Department was not able to provide support verifying the items were scrapped, surplus, transferred or loaned to a different location. Some of these items included computers, printers, laptops, furniture, and various vending machine items. Department personnel stated the vending machines not located were possibly at the Office of Rehabilitation Services – vending stands, which are located throughout the State, but there was no paperwork to suggest where the machines were being used.
- 6 of 230 (2.6%) items physically observed, totaling \$14,874, were not recorded on the respective location property listings, and the Department was not able to provide support verifying the items were recently transferred or loaned to the location. However, the items were able to be traced to the Department's Equipment Inventory System or Warehouse Control System. Some of these items included a dumpster, printer, and vending machine.
- 11 of 60 (18.3%) items tested at ICRE-Wood, totaling \$16,752, were found in rooms that did not agree to the rooms on the property listing.
- 2 of 60 (3.3%) items tested at ICRE-Wood, totaling \$1,401, did not match the description on the property listing.
- 6 of 60 (10.0%) items tested at ICRE-Wood, totaling \$7,310, were not assigned a room number on the property listing.

The State Property Control Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

Department management stated these exceptions were a result of a lack of communication between the individuals responsible for reporting property changes and the property control officer. (Finding Code No. 05-20)

RECOMMENDATION:

We recommend the Department comply with the State Property Control Act and Department policies and procedures for property control. Specifically, the Department should place inventory decals on all property, document and control property movements, submit documents to the Property Control Unit timely for update to the property list, physically inspect property periodically, and transfer unused property items to the Department warehouse.

DEPARTMENT RESPONSE:

Agree. The Department has taken corrective action to resolve the items identified in the finding.

05-21 FINDING: (Inadequate records for State vehicles assigned to Department employees)

The Department did not have adequate accounting records for Department owned vehicles.

During the engagement period, the Department had 540 vehicles, 37 of which were specifically assigned to Department employees. The Department's vehicle coordinator is responsible for monitoring the fleet database, which tracks mileage and maintenance for all Department vehicles.

We tested records for all 37 personally assigned vehicles during the engagement period and noted instances of incomplete mileage records, mileage errors, lack of documentation for repair costs, missing information, lack of annual certifications related to license and insurance coverage, and untimely filing of assigned vehicle forms.

Specific problems noted were as follows:

- We noted 31 of 37 (84%) personally assigned vehicles tested had missing or incorrect information in the database. We noted gaps in mileage and maintenance records recorded in the database. We also noted the reason for assignment of the automobile was not recorded in the database. Additionally, personally assigned vehicles contained mileage errors in the database. Beginning and ending odometer readings did not match miles driven.
- We noted 7 of 37 (19%) employees tested failed to file the required annual certification relating to license and insurance coverage. The Illinois Vehicle Code (625 ILCS 5/7-601 (c)) requires each employee who is assigned a specific vehicle owned or leased by the State to annually certify to the Secretary of the Department that the employee is duly licensed and had adequate liability insurance coverage. In addition, 30 of 37 (81%) employees tested completed the forms after the automobile was assigned or the forms did not contain the proper approval signatures.
- We noted one vehicle that was involved in an accident, but the database contained no record reflecting repair charges.
- We noted that employees are not required by the Department to file an Extended Insurance Verification certificate annually. The Department does require a filing when an employee receives a new car. Administrative Directive 01.05.05.050 (Subject: Insurance Coverage on Assigned Vehicles) states: "Department... employees who are assigned a specific vehicle owned or leased by the State on an ongoing basis, shall file an Extended Insurance Verification certificate annually with the DHS Vehicle Coordinator."

- We noted the Department does not have policies or procedures to ensure that assigned vehicles are maintained. For example, it is assumed that the operator of an assigned vehicle will have the oil changed, but they are not required to do so. The assignee is not responsible for any damage caused by lack of maintenance, no matter how severe.

Department personnel stated there were two different vehicle coordinators during the engagement period. In addition, responsibility for maintenance of the fleet database changed hands several times.

Complete and accurate information is critical to effectively manage the Department's fleet of vehicles. Good business practice requires the Department have a system in place to provide the vehicle coordinator with the proper information needed to properly monitor the Department's vehicles. The Department should establish and enforce procedures related to the operation of automobiles in accordance with the Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, Part 5040). The Illinois Administrative Code outlines general procedures regarding State vehicles including acquisition, use, maintenance, and other miscellaneous areas relating to State vehicles. In addition, the Department should take measures to ensure it is in compliance with any additional requirements imposed by the Department of Central Management Services related to vehicles. (Finding Code No. 05-21, 03-21)

RECOMMENDATION:

We recommend the Department enter and maintain complete, accurate and timely information in its fleet database. Further, the Department should monitor the assignment of vehicles and ensure all required certifications are obtained on a timely basis.

DEPARTMENT RESPONSE:

Agree. Procedures have been put in place that will alleviate this problem. Seventy-five percent of assigned vehicle personnel signed an Insurance Certification form on April 5, 2006. A reminder e-mail was sent on May 12, 2006 informing the other 25% that the form is due. The packets sent to staff that have personally assigned vehicles includes a statement that it is their responsibility to ensure upkeep and maintenance of the vehicle. The vehicle database was cleaned up since we have had permanent staff handling this for the last year.

05-22 FINDING: (Motor vehicle accidents not reported to CMS in a timely manner)

The Department did not report all accidents involving State vehicles to the Department of Central Management Services (CMS) in a timely manner nor did the Department report all accidents to CMS.

During our review of information from the Department and from CMS, there were 93 accidents involving Department vehicles during the engagement period. We noted 45 instances (48%) in which accidents were not reported to CMS in a timely manner, with reports ranging from 1 to 441 days late. We also noted 5 instances where accidents were not included on the CMS report.

The Department's Administrative Directive, 01.05.05.030, regarding reporting of motor vehicle accidents and insurance coverage states, "As a condition of coverage, employees involved in a motor vehicle accident are required to have a legible written report of the accident in the CMS Risk Management Office not later than seven calendar days following the accident. Failure to comply with this important condition in the plan can result in forfeiture of insurance coverage to the employee." Further, "Failure to report an accident to the CMS Division of Risk Management through the Vehicle Coordinator could leave the employee totally and solely financially liable for all damages incurred."

The Fleet Manager at the Department's Central Office is responsible for submitting all Department accident reports to the CMS Risk Management Office. Department officials stated for the majority of the exceptions noted, facilities and schools did not submit the reports to the Central Office in time for the reports to be submitted to CMS.

This finding was also noted in the previous two engagement periods. The previous engagement noted 24% of accidents were not reported to CMS in a timely manner, compared to 48% during the current period. The Department should consider disciplinary action for those employees who do not file reports in a timely manner in order to correct this problem.

Failure to report accidents to CMS in a timely manner may impact the State's ability to investigate and defend itself against resulting claims. (Finding Code No. 05-22, 03-22, 01-15)

RECOMMENDATION:

We recommend the Department again communicate the requirement to file accident reports in a timely manner to those employees whose jobs involve travel, monitor the submission of accident reports to ensure the requirement is being followed, and consider appropriate action for those employees who do not file reports in a timely manner.

DEPARTMENT RESPONSE:

Agree. On May 16, 2006 a memo was sent to all Vehicle Coordinators to once again stress the importance of timely accident reporting and noted in this memo that appropriate action will be taken for those employees who do not file reports in a timely manner. The Department is investigating its policies and procedures with the intention of increasing disciplinary action for a violation of the timely reporting policy.

05-23 FINDING: (Inconsistent application of fuel tax exemptions)

The Department purchased fuel that included State sales taxes and Federal excise taxes, both of which are State-exempt taxes.

During our testing of Central Office vouchers for fuel purchases, we noted numerous inconsistencies regarding gas stations not giving tax exempt status to State vehicle gas purchases. During our initial testing of eight vouchers for fuel purchases, we noted one (13%) that included exempt taxes that were not deducted on the billing. We then selected 17 additional billings from the vendor with billing inconsistencies, noting 6 (35%) that included exempt taxes that were not deducted on the billing.

When the billings were processed, purchases at certain gas stations were not coded properly, and thus did not properly adjust the State sales and Federal excise taxes.

According to the Illinois Department of Revenue, State agencies are exempt from State sales taxes and Federal excise taxes. The following table helps to illustrate exempt taxes on motor fuel purchases:

Exempt Taxes

State Sales Tax	6.25% x (gross sale less Federal Excise Tax)
Federal Excise Tax	18.4 cents per gallon (unleaded) 13.1 cents per gallon (gasohol)

Department officials stated the inconsistent application of fuel tax exemptions resulted from vendors not setting up credit card reader codes properly, and therefore they did not recognize the State vehicles as being tax exempt. Consequently, when vendors were contacted, they informed the Department the readers could not be adjusted, and the State should avoid using them for fuel purchases.

Department officials further stated one vendor informed the Department it could adjust these amounts on their bills manually, but the Department later learned that this would cause the Department to appear delinquent on bills, and the Department would be cut off from future purchases.

Failure to establish consistent application of fuel tax exemptions caused the Department to improperly pay State and Federal excise taxes. This is especially important as the Department expends approximately \$400,000 per year on fuel purchases. (Finding Code No. 05-23, 03-23)

RECOMMENDATION:

We recommend the Department communicate with vendors to adjust applicable taxes on the Department's fuel purchases. Further, the Department should communicate information regarding exempt taxes to those employees whose jobs require the use of a State vehicle.

DEPARTMENT RESPONSE:

Agree. The Department of Central Management Services (CMS) is in the process of negotiating a contract with a new vendor for fiscal year 2007 and we requested this issue be addressed. On May 12, 2006, a statement was also included in the packet that is given to employees using State vehicles that "the State is not responsible for paying taxes on gasoline/oil purchases and it is up to the employee to ensure that they are not charged sales tax".

05-24 FINDING: (Inadequate recovery capability for critical computer systems)

Acceptable disaster recovery capabilities did not exist to ensure that critical computer systems could be recovered within the required timeframe. The Department identified the following four computer systems that required recovery within 24 hours to ensure the safety and well being of its clients:

- Unit Dose – used to monitor and aid in the dispensing of all prescribed medications at State-operated facilities;
- Clinical Lab – used to collect and monitor information on all lab tests at State-operated facilities, which are then applied and utilized in decisions for the treatment of recipients;
- Clinical Information – used to collect psychiatric ratings, blood pressures and clinical notes, as well as allowing access to an individual’s medications, lab results and demographic data which is utilized in the treatment decisions for the individual recipients; and,
- Clinical Inpatient System – used to identify and retain current and historical demographic data for recipients served at the State-operated inpatient facilities, which is used as a reporting tool for entering the admissions, movements or changes during the admission commitment period and discharges

The Department’s Disaster Recovery Plan (effective April 2005) stated, “In the case of a disaster at the BCCS data center, DHS will not be able to recover our Category-1 systems within the time frame which would ensure no loss of life.”

The Department entered into a Service Level Agreement with the Department of Central Management Services (CMS), which provides provision for the recovery of computer systems. Although the Department requires computer system recovery within 24 hours, the agreement only assured recovery of the supporting operating environment within 72 hours. The 72-hour timeframe would not satisfy the Department’s recovery requirements and may severely impact the safety and well being of its clients.

Department officials stated they are required to coordinate disaster recovery services through CMS and have communicated their concerns to CMS.

Information technology guidance (including the National Institute of Standards and Technology and Governmental Accountability Office) endorse the formal development and testing of disaster contingency plans. Tests of disaster contingency plans (and the associated documentation of the test results) verify that the plan, procedures, resources (including personnel) provide the capability to recover critical systems within the required timeframes. Ensuring adequate recovery capability is necessary to ensure recovery of critical systems and data within the required timeframes.

Failure to have acceptable and timely recovery capability for the Department's critical systems could have devastating impacts on the safety and well being of the clients receiving services. Having acceptable recovery capability would assist the Department in minimizing the impact associated with a disaster, promote recovery of its computer operations in a timely and effective manner, and ensure the safety and well being of impacted clients. (Finding Code No. 05-24)

RECOMMENDATION:

We recommend the Department work with CMS to ensure recovery of its critical computer systems within the required 24-hour timeframe. In the event CMS is not able to meet the Department's recovery requirements, the Department should pursue alternate methods to ensure the safety and well being of clients in the event of a disaster.

DEPARTMENT RESPONSE:

Agree. The Department continues to work with the Department of Central Management Services (CMS) to ensure recovery of its critical computer systems within the 24-hour timeframe. As of March 2006, CMS stated that the Harris data center is still functional as a recovery site which allows us to meet our recovery time frame. The Department has not signed the current Service Level Agreement (SLA) with CMS due to the inability of CMS to provide a 24-hour recovery solution for the Department. The Department does not have the ability to contract with any other Disaster Recovery Services.

05-25 FINDING: (Inadequate procedures for disposal of confidential information)

The Department had not ensured adequate procedures exist for disposal of documents containing confidential and sensitive information.

The Department regularly collects and maintains various types of documents, including confidential and personal identifiable information, necessary for fulfilling its mission. As such, Administrative Directive 01.02.03.140 (Protection of Confidential Information) states, "It is the policy of the Department of Human Services (DHS) that confidential information concerning employees, vendors and persons served by DHS shall be kept confidential and shall be disclosed only in accordance with applicable state and federal law or regulations." In addition, Administrative Directive 01.05.04.030 (Records Management) states, "Records may be shredded, recycled, and/or baled and sold as scrap. The destruction of confidential records or records of a personal nature must be witnessed by DHS staff or by a person authorized to witness shredding or other disposal procedures." However, we found procedures for properly disposing of confidential information were not adequate and always enforced.

While performing a walkthrough of the Department's central office, we noted a computer report located on top of a paper recycling dumpster located within the loading dock. The attached dumpster lid was not used to conceal the contents or restrict access to the dumpster, and the dock doors leading to the side street were open and unattended. The material in the dumpster included payroll voucher reports containing employee names and social security numbers, technical computer information, and screen prints containing confidential information.

Department personnel stated bins are placed throughout the Department to collect recycling materials. Usually twice a week, the bins are emptied into a cart and later put into the dumpster. The materials within the dumpster are picked up twice a week and taken to a storage facility for processing and shipping to an out-of-state recycling center.

Department personnel stated they believed the procedures and practices for handling confidential information were adequate.

Confidential, sensitive and personal identifiable information collected and maintained by the Department should be adequately secured at all times. As such, it is the Department's responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to all personnel, and continually enforced. Inherent within this responsibility is the requirement of adequate disposition of all confidential information that is no longer needed. Failure to establish adequate procedures to protect and dispose of confidential information and to enforce compliance with established procedures can lead to such information being compromised. (Finding Code No. 05-25)

RECOMMENDATION:

We recommend the Department establish adequate Department-wide procedures for properly disposing of confidential information (shredding is an acceptable method). Once established, the Department should effectively communicate the procedures to all Department personnel, and enforce compliance with its procedures ensuring all confidential information is kept secured until no longer needed, and then properly disposed.

DEPARTMENT RESPONSE:

Agree. Corrective action is being addressed on many levels.

The Administrative Directive was rewritten to ensure staff properly dispose of confidential information. The local offices are purchasing shredders and locks for dumpsters.

For computer documents, the following action has been taken. On January 30, 2006 all Management Information Systems (MIS) staff were reminded that they are required to shred all confidential documents including program listings and not to use the ICYCLE containers for disposal of confidential documents. As noted in the review, policies and procedures exist for cleaning computers. The process involves running a computer program that writes binary ones and zeros over the entire hard disk no less than 10 times. The entire procedure consists of placing a floppy disk in the disk drive and typing one command. The computer program then wipes the hard drive clean of all data.

For Health Insurance Portability and Accountability Act (HIPAA) documents (Protected Health Information/PHI) the following actions have been taken: Department Administrative Directive 01.05.04.030 was amended to include adequate safeguards for disposal of PHI (Revised 1/31/06); industrial shredders have been ordered for each Family Community Resource Center (April 2006); a HIPAA Chief Privacy Officer has been hired (March 2006); a Department HIPAA organization has been established, which created the portions of HIPAA Compliance Coordinator and HIPAA Policy Analyst (April 2006); and the Department's HIPAA Chief Compliance Officer wrote article for "On the One", a department-wide newsletter, received by all Department staff, regarding confidentiality and the protection of PHI (February 2006). Ongoing activities include: provide technical assistance to staff regarding HIPAA policy, procedure and training; complete HIPAA privacy and security audit; and fill vacant HIPAA positions.

05-26 FINDING: (Inadequate physical security)

The Department did not ensure adequate physical security over its central office facility.

The Department's Administrative Directive 01.01.02.210 Physical Safeguards – Building Access Controls states, "It is the policy of the Department of Human Services (DHS) to limit access to the physical location(s) in which electronic information systems and protected health information (PHI) are housed within DHS occupied buildings in order to ensure personnel safety and protect confidential data."

During our review, we noted the following weaknesses:

- Access to restricted areas were excessive and not always appropriately restricted.
- The loading dock doors were frequently left open and unattended allowing potential unauthorized access to restricted areas. In addition, the employee responsible for overseeing the vending machines maintains remote access to the dock doors within his vehicle.
- Access to and from the facility via the mailroom doors was not always restricted. We noted several instances in which Department personnel used the mailroom doors for accessing and exiting the facility.
- Although equipped with a card-key access device, the door located outside the Supply Room had a broken lock and did not restrict access to the restricted areas. In addition, the vacuum mechanism on another door located within a west stairwell did not adequately secure the door.
- Not all surveillance monitors located at the guard's desk effectively displayed the surveillance images.
- The Department failed to establish adequate controls over the distribution of keys. Department personnel stated there is no central person responsible for the control of physical keys.

Adequate physical security is essential to restricting unauthorized access to and safeguarding of the Department's critical resources. Therefore, it is the Department's responsibility to ensure security over its critical resources is adequately established and enforced. Failure to establish and enforce adequate physical security could result in unauthorized access to Department resources.

Department personnel stated the Department of Central Management Services controls physical security of the Harris Building. (Finding Code No. 05-26)

RECOMMENDATION:

We recommend the Department assess established physical security to ensure Department resources are adequately secured and security procedures enforced. At a minimum, the Department should:

- Review access to restricted areas and remove access from personnel who do not require regular access for completing their job responsibilities.
- Limit personnel to 1 active card-key, and assign generic card-keys that are used for temporary access to personnel responsible for ensuring oversight.
- Establish a Department-wide procedure and central control over physical keys. A log of assigned keys should be maintained and updated as keys are replaced, retrieved, or re-issued.
- Ensure the loading dock and mailroom doors are continually secured and attended while open. In addition, the Department should reconsider its issuance of remote access to the loading dock doors.
- Ensure doors to restricted areas are properly functioning and secured.
- Ensure all surveillance monitors are operating effectively.

DEPARTMENT RESPONSE:

Agree. Access to restricted areas has been reviewed and approved by management. At the time of the engagement, there were five people with additional access badges and there is an operational or management reason why the people have additional badges. Subsequent to the engagement, one person has left the Department so now there are only four people with additional badges. Remote access has been taken away from the vending service during September, 2005. The Mail Room will be moved by the end of the year, as part of the Harris Building relocation, thereby eliminating mail room doors of being unsecured.

Physical security to the Harris building is controlled by the Department of Central Management Services (CMS). CMS has the building lease as well as the contracts with the building guards and is responsible for the maintenance of surveillance monitors. CMS controls the distribution of building keys, and the security guards under contract with CMS are responsible for controlling access to the building including the loading docks. These issues will be provided to CMS.

05-27 FINDING: (Programmer access to computer systems)

The Department did not adequately restrict programmer access to all production computer programs and data. Although the Department developed a compensating control for tracking programmer changes to production programs and data, it failed to enforce compliance with the compensating control.

The Department's compensating control is the notification to security personnel of all access to production systems and data by programmers. Security personnel would track and review programmer access; however, the compensating control is not being enforced.

Department management stated that various other compensating controls had been established on some systems. However, we noted the majority of these controls were detection controls and in the form of available exception and reconciliation reports, which could be used to assist personnel in detecting system errors. Although several reports are available, these detection controls rely on personnel adequately and consistently monitoring for errors. As such, it is still possible for a programmer to make an unauthorized change to these computer programs and/or data.

We also noted that access to some production programs and datasets were excessive. For example, we noted that of the 205 IDs allowed access to one production dataset, 187 had significant access authority including the ability to modify and/or delete programs and data.

The Department relies on numerous computer programs and data, many of which contain confidential and/or financially sensitive data, for meeting its mission objectives. As such, it is the Department's responsibility to ensure that access to its computer programs and data is appropriately restricted. Furthermore, the principles of good internal controls require reasonable change control procedures and access restrictions be implemented to ensure the integrity of computer programs and data. Restricting access to production systems is a mechanism to strengthen internal controls. In addition, restricting programmer access can help the Department ensure that only authorized changes are made, and data and system integrity is maintained.

Without adequate controls over programmer actions, there is a greater risk of unauthorized changes being made to these programs and datasets. Unauthorized and undetected changes to programs or data could result in a destruction of data and possibly impact overall system integrity. (Finding Code No. 05-27)

RECOMMENDATION:

We recommend the Department restrict programmer access to all production programs and data, and ensure program changes are adequately approved and consistently monitored. If the Department determines that programmer access in some situations may be necessary, we recommend the Department:

- enforce controlled access by temporarily allowing programmers necessary access and then restricting access once it is no longer necessary, and

- clearly identify and assess existing compensating controls to ensure these controls are adequate, established, and enforced when access to production programs and data is unrestricted.

Further, the Department should assess access to production programs and datasets to ensure that only personnel needing access for completing their job responsibilities have access. In addition, powerful access privileges to programs and datasets should be restricted.

DEPARTMENT RESPONSE:

Agree. Management Information Systems (MIS) implemented procedures on January 23, 2006, to ensure that programmers only had update authority to production data for a designated period as authorized by program area management. All update authority was removed for programmers and only granted when necessary. Automated procedures also provide appropriate audit trail.

05-28 FINDING: (Hiring and staffing policies at the Department’s Treatment and Detention Facility)

During our testing at the Department’s Treatment and Detention Facility (TDF), we noted issues related to hiring and staffing policies that should be addressed.

On January 1, 1998, the Sexually Violent Persons Commitment Act (Act), 725 ILCS 207, became effective creating the treatment and detention program for sexually violent persons. This Act allows the State to treat former inmates convicted of sexually violent crimes who are still considered a danger to society. If the Department of Corrections (DOC) believes an inmate is a danger to society, DOC recommends to the State of Illinois Attorney General to commit the inmate for detention and treatment for an indeterminate time to begin after the inmate completes his sentence with the DOC.

The Act mandates the DOC to provide a facility and the Department of Human Services (Department) to operate it. The Department refers to the program and facility as the Treatment and Detention Facility. The current facility is designed to accommodate 221 committed persons and had a population of 240 as of October 28, 2005. Our June 30, 2003 compliance report noted the facility had a population of approximately 200.

During our review of the TDF and the Department’s hiring and staffing policies, we noted the following issues:

- The basic line personnel that deal with committed persons at the TDF on a day-to-day basis are Security Therapy Aides (STA). The position specification for the STA does not set a minimum education and experience requirement for applicants to ensure that newly hired employees have adequate core knowledge and experience, which may help to perform their job. The Department of Central Management Services (CMS) Class Specification requirements to become an STA Trainee “Requires ability to participate in and successfully complete the Security Therapy Aide training program.” There are no educational or experience requirements such as a high school degree or GED. According to the job requirements, the position “Requires the capability to adjust to mentally ill individuals under conditions of maximum security.”

Other CMS job specifications for positions that require interaction with committed persons require the applicant to have the knowledge, skill and mental development equivalent to completion of four years of high school as well as successful completion of an approved training program. Due to the nature of the job requirements, STAs should be required to possess, at a minimum, the knowledge, skill and mental development equivalent to completion of four years of high school and should also successfully complete an approved training program.

- The Department's TDF could benefit from additional resources. At June 30, 2003 there were 143 STAs at the facility compared to 122 at June 30, 2005, a reduction of 21 STAs. During the same time period the facility population of committed persons increased by 33. The ratio of STAs to committed persons at June 30, 2003 was 1 STA to every 1.38 committed persons. At June 30, 2005 there was 1 STA to every 1.89 committed persons.

During the prior engagement period, we recommended the Department establish formal policies and procedures for annual training of all STAs and facility employees at the TDF. The Department implemented Facility Directive 06.0001 titled General Training Standards and Methods effective January 10, 2005.

Also during the prior engagement, the Department responded it would work with CMS to formulate educational requirements for STAs. There is no evidence the Department contacted or worked with CMS regarding this issue.

In recognition of the security risks inherent in the Department's TDF program, establishing employee qualifications consistent with those of other positions in the State that require interaction with committed persons would reinforce security and safety for persons at the Department's TDF. (Finding Code No. 05-28, 03-30)

RECOMMENDATION:

We recommend the Department work with CMS to revise the educational and experience requirements for the CMS Class Specifications for STA Trainees and STAs. In addition, we recommend the Department review the facility resource allocation.

DEPARTMENT RESPONSE:

Agree. The Treatment and Detention Facility Directive relating to annual training of employees has been approved as of January 10, 2005. The Department agrees to work with CMS to formulate revised educational experience requirements for CMS Class Specification for STA Trainees and STAs.

05-29 FINDING: (Staff resource allocation at the Treatment and Detention Facility)

During our review of the June 30, 2005 organization chart for the Department's Treatment and Detention Facility (TDF), we noted that 18 of the 54 (33%) administrative positions were not filled.

To determine "administrative" positions on the organization chart, we excluded all Security Therapy Aides (STAs), which are the line personnel that have day-to-day contact with the residents. We noted the following:

- Under the "Security Director" branch, 8 of 20 (40%) positions (excluding STAs) were vacant including the unit director of control/movement.
- Under the "Assistant Facility Director" branch, 5 of 18 (28%) positions were not filled including the Clinical Director and 4 of 4 rehabilitation services personnel.
- Under the "Quality Assurance and Improvement" branch, 4 of 9 (44%) positions were vacant.

Although the vacancy rate has improved since the prior period, Department officials indicated there is still general understaffing, and low staff numbers could create a hazardous work environment, especially during breaks and lunch time and during holiday periods. Facility officials stated positions were vacant due to a lack of funding and inability to fill positions. (See finding 05-30).

Unfilled positions and inadequate staffing could jeopardize the security and safety at the TDF. (Finding Code No. 05-29, 03-31)

RECOMMENDATION:

We recommend the Department address the staff resource allocations at the TDF, especially in the most critical areas of security. Further, the Department should review the TDF organization chart to address the organizational structure and staff resource allocation and delete any positions deemed to be nonessential.

DEPARTMENT RESPONSE:

Agree. The Department is undergoing a physical relocation of the facility from the Joliet facility to Rushville, IL. Some of the resource allocation issues will be addressed during this move. The facility will work with the Department to review staff resource allocations, especially in the most critical area of security. Also, the Department will work with the facility to review the organization chart to address structure and staffing resources.

05-30 FINDING: (Weaknesses over timekeeping at the Treatment and Detention Facility)

During our review of timekeeping procedures at the Department's Treatment and Detention Facility (TDF), we noted weaknesses regarding the timekeeping system, including inadequate sign in procedures when employees arrive for work and inconsistent documentation supporting time off.

When Security Therapy Aides (STAs) arrive for work, they are required to sign in on a manual timekeeping form at the beginning of each shift. Subsequent to arrival, all STAs attend a briefing session in the conference room before going to their assigned unit. Before the briefing meeting, the STAs' supervisor brings the sign-in sheet to the conference room, which prevents employees who are tardy from signing in less than 15 minutes late. However, this procedure could allow STAs to manipulate the timekeeping system up to 15 minutes each day. An automated timekeeping system such as a timeclock or keycard system would alleviate discrepancies on what time employees actually arrived for work.

We reviewed timekeeping support for all STAs on a shift during fieldwork and noted the following inconsistencies:

- Two employee's time were incorrectly reported on the Daily Staff Attendance Report (DSAR) when compared to the Staff Request for Time Off form.
- We were unable to verify two employees were on leaves of absence as reported on the Daily Sign In Sheet.
- One employee was noted as being on suspension but was not noted as such on the DSAR.
- One employee whose name was listed on the sign in sheet but was not listed on the corresponding DSAR.
- One employee was credited for coming into work early for 1 hour and 15 minutes but was not docked for leaving one hour early.
- One Staff Request for Time Off form was not available for review.

TDF officials stated absenteeism and tardiness are a continuing problem with STAs. For example, on the day of our interviews with the STAs, 6 of 36 STAs (17%) utilized compensated time off. Only one of the six employees had planned to utilize the time off based on our review of the Staff Request for Time Off forms. In addition, if an employee is tardy, employees from the previous shift must work overtime until the next shift's employee arrives for work. Strengthening the controls over reporting compensated time off and automating sign-in procedures would help alleviate employee time off and tardiness. (Finding Code No. 05-30, 03-32)

RECOMMENDATION:

We recommend the Department strengthen controls over timekeeping at the TDF by verifying the accuracy of the input data and by implementing an automated timekeeping system to more accurately track employee time. Further, the Department should take appropriate action for STAs who are regularly absent or tardy.

DEPARTMENT RESPONSE:

Agree. The Department agrees that the administration of the TDF facility will strengthen controls over timekeeping at the TDF. Currently, the Department is in the process of purchasing and implementing an automated timekeeping system for the facility. This automated system will provide the management staff with accurate records for the purposes of reporting time on the DSAR and will improve the ability to enter the time worked correctly. The facility is continuously working with staff to improve on the execution of proper paperwork to support employee requests for time off. The TDF has implemented a tracking system to assure that there is timely follow-up each time there is an unauthorized absence within the facility. A tracking system has also been established to monitor the Family and Medical Leave Act (FMLA) absences. Each Department facility is currently completing their own DSAR, which has made the process faster and more accurate.

05-31 FINDING: (Inefficiencies in the business office at the Treatment and Detention Facility)

We noted the business office at the Department's Treatment and Detention Facility (TDF) had inefficiencies due to lack of updated computer software and integrated systems. We also identified weaknesses in maintaining the TDF Trust Fund checkbook, receipts, and accounts.

Specific issues noted were as follows:

- The TDF does not utilize the Department's primary accounting system, the Consolidated Accounting and Reporting System (CARS), to its full potential. Vouchers were prepared at the TDF and forwarded to Tinley Park Mental Health Center, where they are processed and entered into CARS on behalf of the TDF. Tinley Park has maintained accounting records and processed vouchers for the TDF since its inception in 1998. As the TDF has grown, it is necessary for the TDF to track its own vendor payments and spending availability to properly manage its operations. The accountant utilizes separate spreadsheets to track vendor payments and spending availability. Department personnel stated it was necessary to track this information separately as the information could not be obtained directly from CARS. The spreadsheet included all vouchers whether final approval had been received or was pending or had not been entered into CARS. The Department can generate data on any status of voucher that has been entered into CARS and gain efficiencies by eliminating the practice of maintaining separate spreadsheets.
- The trust fund system was written in the early 1980s and does not reflect advancements in computer programming which increase functionality. Consequently, staff are sometimes not able to retrieve the reports they need to answer inquiries without spending unnecessary time running multiple reports. For example, the trust fund accounting system generates a report of all receipts and a report of all disbursements for a single resident, but it does not produce a single report of all receipts and disbursements for a single resident. The trust accountant must then maintain separate spreadsheet files that report this information in the desired format. Because records are not easily accessible, staff must spend additional time piecing information together from various reports. This is not the most efficient system. Maintaining offline spreadsheet files for each committed person is also time consuming.
- The commissary system is used to purchase most commissary goods from one vendor. The commissary program requires each committed person to have a beginning balance within the system before it allows the TDF to order goods through this system. The trust accountant must increase and decrease the beginning balance in the commissary system to ensure that the system's beginning balance reflects the trust fund accounting system's balance for each committed person. This ensures that the trust accountant does not order more in the commissary system than the

committed person has in the trust account. To do this, whenever a committed person's trust fund increases or decreases, the trust accountant must also go into the commissary system to increase or decrease the affected committed person's commissary balance. This adds an extra step in accounting for trust funds that is virtually unnecessary absent the requirement in the commissary program. Instead of maintaining an extra set of books within the commissary system, the commissary system should be designed to integrate with the trust fund system to eliminate duplicate entries.

- The trust fund system dumps trust fund data after three months so that it is no longer retrievable electronically. This requires the TDF to maintain older records in printed format. If these printed forms are misplaced or destroyed, the TDF will not have more than three months of data in the computer system without contacting the Central Office.
- When a committed person leaves the system, the committed person's account stays on the system usually with a zero balance. These accounts should be removed from the system as soon as possible for good internal control. The trust fund system also does not indicate how long an account is on the system when the committed person is no longer at the TDF. The system does produce an aging report that lists accounts that have had no activity, yet this aging report does not indicate whether the accounts are for current or former committed persons. This makes it difficult to determine whether there are dormant accounts on the system.

TDF officials stated that due to the newness of the TDF, which first started January 1, 1998, staff are still learning processes and working with systems that were currently available.

Using outdated trust and commissary systems and not utilizing the Department-wide CARS system to its full potential can lead to weakened internal control, duplication of work, inefficiencies, and inadequate financial information available to management. (Finding Code No. 05-31, 03-33)

RECOMMENDATION:

We recommend the Department develop necessary reports from CARS rather than developing spreadsheets separate from the accounting system to track vendor payments and spending availability. Further, the Department should upgrade the TDF trust fund accounting system to provide management with timely and useful accounting information.

DEPARTMENT RESPONSE:

Agree. The Department has requested additional staffing for the Business Office at the new Rushville location.

05-32 FINDING: (Inadequate controls over telecommunications at the Treatment and Detention Facility)

The phone system utilized at the Department's Treatment and Detention Facility (TDF) does not allow TDF personnel to adequately review and identify personal phone calls.

The phone system at the TDF has a bank of numbers that every phone in the facility may access. When a user picks up the telephone, the telephone searches for the first available phone number not in use. The phone accesses this number and allows the user to make a call. Management reviews the monthly phone bills and identifies all phone calls over 15 minutes in length and researches the number called to determine who may have called the number and the reason. Occasionally, management selects phone calls to locations that they do not recognize, especially out of state calls.

We noted the following specific weaknesses:

- Since there is no specific number for each phone, it is difficult to trace a call made at a specific phone by a specific user. Also, users are not required to input a security code to access the phone line. The staff is aware the TDF cannot account for calls being made by a specific individual.
- Department policy on personal use of State telephones is not specifically covered during new employee orientation.
- Analysis of phone charges for the month of February 2005 showed the TDF spent \$295 on phone service for lines that had no or very little outgoing calls.

The Department's Administrative Directive 01.02.03.030 states the use of State telephone services is limited to official business. A personal call shall be considered authorized if it meets the following criteria: 1) it does not adversely affect the performance of official duties by the employee; 2) it is of reasonable duration and frequency; 3) it could not have reasonably been made during non-work hours.

TDF management indicates that due to the structure of the current phone system, they could not determine if the Directive was being followed.

Good internal control would dictate the TDF utilize a phone system that would allow the proper review and accountability for phone usage. (Finding Code No. 05-32, 03-34)

RECOMMENDATION:

We recommend the Department implement a phone system at the TDF that will allow for the review and tracking of personal calls. Further, the TDF management should perform a thorough review of telephone line usage and eliminate lines that receive little or no use and include a review of the Administrative Directive 01.02.03.030 as part of new employee orientation.

DEPARTMENT RESPONSE:

Agree. The facility has purchased a system that will allow for the review and tracking of personal calls. This new system will be available after the physical move to the Rushville location. The facility will also include Administrative Directive 01.02.03.030 as part of new employee orientation.

05-33 FINDING: (Weaknesses in control over commodities at the Treatment and Detention Facility)

The Department's Treatment and Detention Facility (TDF) has inadequate internal control over access to the commodities inventory and over reporting inventory balances for financial statement purposes.

The TDF requisitions most commodities for household goods, clothing, office supplies and repairs and maintenance through Tinley Park Mental Health Center (TPMHC) which maintains these commodities on the Department's Commodities Control System (CCS) (the standardized system to track commodity activities at all other Department facilities). The TDF also has a small commissary. After TDF requisitions commodities from the TPMHC, the TPMHC removes the inventory from CCS and it is no longer tracked on CCS by TDF. It is tracked on an electronic spreadsheet, but it is not up-to-date or accurate. We noted 16 of 25 (64%) items selected for recount could not be reconciled to the spreadsheet. The total value of inventory maintained on the spreadsheet totaled \$45,016 at June 30, 2005 which disagreed with the amount recorded in the financial statements by \$3,355.

We also noted that personnel can access the inventory items during all shifts. There is only one individual designated to oversee commodity inventories during the day shift. The evening and night shifts do not have anyone designated in an oversight capacity. In addition, before inventory is brought down to the basement, various personnel can access the inventory.

Generally accepted accounting principles require the proper valuation of inventory for financial reporting purposes. In addition, the Statewide Accounting Management System (SAMS) Procedures 02.50.20 on Internal Controls requires detailed subsidiary records be maintained and periodically reconciled against the physical count. By not maintaining appropriate and accurate records, the Department's overall inventory could be misstated. Good business practice requires accurate perpetual inventory records be maintained and due care be exercised in the process of physical inventory, and inventory be properly safeguarded. Department officials stated they are doing the best they can with the physical limitations of the facility and its available resources.

Accurate recording of inventory quantity information is crucial to maintain control over and properly manage inventory quantities. Inadequate controls over commodities may result in over-purchasing, waste, obsolescence, theft, loss or unauthorized use of State assets. (Finding Code No. 05-33, 03-35)

RECOMMENDATION:

We recommend the Department implement the Commodity Control System (CCS) at the TDF to track and value its commodities inventory. Policies and procedures should also be implemented for accountability of the commodity items. In addition, periodic physical counts should be conducted and reconciled to the inventory system.

DEPARTMENT RESPONSE:

Agree. The Department will review the feasibility of implementing the CCS and other procedures to increase accountability over commodity items. However, additional staff is necessary in the Business Office to implement the CCS.

05-34 FINDING: (Annual eligibility redeterminations for KidCare not being completed)

The Department failed to make annual redeterminations of eligibility for KidCare services in compliance with the Children’s Health Insurance Program Act (Act) (215 ILCS 106). The KidCare Program provides health benefits to low income children.

During our review of 60 KidCare case files, we noted 10 cases (16.7%) in which the eligibility redeterminations were not completed or were completed late. As a result, services are still being rendered although the individual may no longer be eligible.

The Act states, “A child who has been determined to be eligible for assistance must reapply or otherwise establish eligibility at least annually.” (215 ILCS 106/20(b)). Not performing the annual redeterminations may allow ineligible individuals to receive services. The lack of redeterminations weakens the internal control over the program.

Department management stated once KidCare eligibility is originally determined, the case is transferred to a local office near the recipient’s residence. The Department sends a listing of individuals requiring redeterminations to the local office, where the redeterminations are completed. If the redetermination does not occur, services are not cancelled.

Failure to perform annual eligibility redeterminations could allow ineligible recipients to receive services under the KidCare Program in noncompliance with the Act. (Finding Code No. 05-34)

RECOMMENDATION:

We recommend the Department require eligibility redeterminations be completed on an annual basis in compliance with the Act.

DEPARTMENT RESPONSE:

Agree. Department staff have taken proactive measures to address the finding, including creating an audit work group and establishing performance targets. Department staff in the Division of Human Capital Development (HCD) created an audit workgroup to improve the audit process and educate program staff involved in the redetermination process. HCD audit workgroup members traveled to each of the five regions and attended Local Office Administrator's meetings. A presentation was created to increase the knowledge of the five test areas with emphasis on the consequences of failure to perform redeterminations within policy guidelines. An enhanced awareness of the importance of timely redetermination has been gained from the presentations. HCD has also set and distributed targets to improve the percentage for completing redeterminations timely. The establishment of targets will make redeterminations a statewide priority.

05-35 FINDING: (Failure to fund the Illinois African-American Family Commission)

The Department did not fund the Illinois African-American Family Commission as mandated by State law.

The Illinois African-American Family Commission Act (20 ILCS 3903 et seq.) established the Illinois African American Family Commission. Section 25 of the Act states, “The African-American Family Commission shall receive funding through appropriations available for its purposes made to the Department on Aging, the Department of Children and Family Services, the Department of Commerce and Economic Opportunity, the Department of Corrections, the Department of Human Services, the Department of Public Aid, the Department of Public Health, and the Department of Transportation.”

The Act established a 15-member Illinois African-American Family Commission to guide the efforts of and collaborate with the Departments mentioned above. The Act intends to improve the tremendous challenges facing the African-American family in Illinois such as the “huge disparities in education, employment, income, child welfare, criminal justice, and health.” The State has not funded this program. Therefore, community development programs for African-Americans have not been funded by the Department as required.

Department personnel stated no State funds have been appropriated to fund the Illinois African-American Family Commission and the Department could not document that funding had been requested as part of the budgetary process. (Finding Code No. 05-35)

RECOMMENDATION:

We recommend the Department seek funding for the Illinois African-American Family Commission as mandated by State law.

DEPARTMENT RESPONSE:

Agree. The Department will collaborate with the other State Agencies and participate in an interagency funding analysis and request.

05-36 FINDING: (Advisory council, committee, and board not meeting as required by State law)

The Department was not in compliance with statutory mandates regarding advisory councils, committees, and boards. During the engagement period, the Special Committee on Licensure was not appointed by the Illinois Advisory Council on Alcoholism and Other Drug Dependency, and the Committee on Women's Alcohol and Substance Abuse Treatment and the Interagency Alcoholism and Other Drug Dependency Board did not meet as required by State law.

- The Department was not in compliance with a statutory mandate requiring a Special Committee on Licensure to be appointed to review annual reports on license sanctions.

Public Act 88-80 created the Illinois Advisory Council on Alcoholism and Other Drug Dependency effective July 13, 1993 (20 ILCS 301/10-5). Among other duties, Public Act 88-80 states the presiding officer shall annually appoint a Special Committee on Licensure, which shall advise the Secretary on particular cases on which the Department intends to take action that is adverse to an applicant or license holder, and shall review an annual report submitted by the Secretary summarizing all licensure sanctions imposed by the Department (20 ILCS 301/10-10).

The prior engagement noted the Advisory Council met, but the presiding officer did not appoint a Special Committee on Licensure. During the current engagement period, the Illinois Advisory Council on Alcoholism and Other Drug Dependency failed to meet and did not perform its duties as required by State law.

- The Department was not in compliance with a statutory mandate requiring the Committee on Women's Alcohol and Substance Abuse Treatment (Committee) to meet at least quarterly.

Public Act 88-80 established the Committee on Women's Alcohol and Substance Abuse Treatment effective July 13, 1993 (20 ILCS 301/10-20). The Committee shall meet no less often than quarterly and at other times at the call of its chair or a majority of its members.

We noted the Committee did not meet during fiscal year 2004 or 2005.

The Committee's duties, as mandated in 20 ILCS 301/10-25 are to advise the Illinois Advisory Council on Alcoholism and Other Drug Dependency (Council) and the Secretary of the Department in the development of intervention, prevention and treatment objectives and standards, educational and outreach programs, and support services specific to the needs of women, among other duties.

- The Department was not in compliance with a statutory mandate requiring the Interagency Alcoholism and Other Drug Dependency Board (Board) to be active and meet.

Public Act 88-80 established the Interagency Alcoholism and Other Drug Dependency Board effective July 13, 1993 (20 ILCS 301/10-40). The Board shall meet from time to time at the request of the Department, or at the call of the chairman, or upon request of any 3 of its members. The Secretary of Human Services or his or her designee shall serve as secretary of the Board. The Department shall provide necessary staff to assist the Board in the performance of its functions.

We noted the Board did not meet at all during the engagement period. Department personnel stated this Board has not been active for several years and stated the duties were basically folded into the Illinois Advisory Council on Alcoholism and Other Drug Dependency. They further stated statutory reference to the Board should be amended.

The Board's duties, as mandated in 20 ILCS 301/10-50 are to advise and assist the Secretary of the Department in the planning, development and coordination of programs among all agencies and departments of State government, including programs to reduce alcoholism and drug addiction, prevent the use of illegal drugs and abuse of illegal drugs and abuse of legal drugs by persons of all ages, and prevent the use of alcohol by minors, among other duties.

The Department previously responded that all statutory requirements have now been met. However, the Department was not in compliance with these statutory mandates during the engagement period.

Not establishing or meeting as required by State law prevents councils, committees, boards, and the Department from fulfilling their mandated responsibilities. (Finding Code No. 05-36, 03-27, revised 01-17)

RECOMMENDATION:

We recommend the Department work with the Illinois Advisory Council on Alcoholism and Other Drug Dependency in fulfilling its statutory requirements. Also, the Department should work with the Committee on Women's Alcohol and Substance Abuse Treatment in fulfilling its statutory requirement regarding quarterly meetings. Further, the Department should fulfill the statutory requirement regarding the Interagency Alcoholism and Other Drug Dependency Board or seek a legislative remedy to the statutory requirements.

DEPARTMENT RESPONSE:

Agree. The Department will work with the Illinois Advisory Council on Alcoholism and Other Drug Dependency to assure that the presiding officer shall annually appoint a Special Committee on Licensure, which shall advise the Secretary on particular cases on which the Department intends to take action that is adverse to an applicant or license holder, and shall review an annual report submitted by the Secretary summarizing all licensure sanctions imposed by the Department.

The Women's Committee has been meeting quarterly during fiscal year 2006. These meetings will continue quarterly as part of the compliance activities related to Public Act 88-80.

SB 2199 was passed in the recent legislative session. This legislation abolishes the Interagency Alcoholism and Other Drug Dependency Board and transfers the functions and duties of the abolished board to the Illinois Advisory Council on Alcoholism and Other Drug Dependency.

05-37 FINDING: (Members not appointed to Advisory Board for Services for Persons who are Deaf-Blind in accordance with State law)

Board members to the Advisory Board for Services for Persons who are Deaf-Blind (Board) were not appointed by the Secretary of Human Services as required by the School Code (105 ILCS 5/14-11.02).

The School Code states, “The Advisory Board shall consist of 3 persons appointed by the Governor; 2 persons appointed by the State Superintendent of Education; 4 persons appointed by the Secretary of Human Services; and 2 persons appointed by the Director of Children and Family Services.”

During our testing, we noted 3 of the 4 appointments to be made by DHS were vacant. Correspondence from the Chairman of the Board to the Secretary requested that appointments be made and listed potential candidates. However, the appointments were never made. Department staff stated they have had difficulty in identifying individuals who meet the criteria and are willing to serve on the Board.

Failure to appoint Board members according to the criteria in the School Code may prevent the Board from carrying out its mandated duties of advising the State Superintendent of Education, the Governor, and the General Assembly on all matters pertaining to policy concerning persons who are deaf-blind, including the implementation of legislation enacted on their behalf. (Finding Code No. 05-37)

RECOMMENDATION:

We recommend the Department appoint board members to the Advisory Board for Services for Persons who are Deaf-Blind in compliance with the School Code.

DEPARTMENT RESPONSE:

Agree. The Department agrees but has had difficulty identifying individuals who meet the criteria for this Board who are willing to serve on it. One individual has been appointed and a second has been recommended. The Department will continue to seek appropriate representatives for the final positions on this board.

PRIOR FINDINGS NOT REPEATED – (GOVERNMENT AUDITING STANDARDS)

Financial Audit – Year Ended June 30, 2004:

- 05-38** The previous engagement noted efficiency initiative payments made to the Department of Central Management Services (CMS) did not comply with the State Finance Act. The payments for efficiency initiative billings were made from improper line item appropriations. The State Finance Act (30 ILCS 105/6p-5) directs agencies to pay the savings amounts from line item appropriations where the cost savings are anticipated to occur. During fiscal year 2005, the Department did not make any efficiency initiative payments to CMS. As a result, this finding is not repeated. (Finding Code No. 04-1)

Compliance Audit – Two Years Ended June 30, 2003:

- 05-39** The previous engagement noted the Department had weaknesses in the preparation of GAAP reporting forms submitted to the Office of the Comptroller and preparation of the year-end Department financial statements. During the current engagement, we noted the GAAP reporting forms were filed with the Comptroller on a timely basis and the Department implemented procedures to ensure most forms were filed in an accurate and complete manner. We did note some instances in which the current engagement GAAP forms required adjustments after filing as well as financial statement issues due to the problems noted in Finding 05-3, but there was a marked reduction in GAAP errors and adjustments. As a result, this finding is being shown as not repeated. (Finding Code No. 03-1)
- 05-40** The previous engagement noted the Department was not fully utilizing its current accounting system for federal purposes. During the current engagement, we noted significantly fewer financial statement adjustments and issues regarding accumulation of financial information for federal reporting purposes. The Department also implemented a new interface which included grant-related coding. Although one significant issue was noted in finding 05-3 regarding failure to bill Early Intervention costs, this weakness was not a result of the accounting system. As a result, this finding is not repeated. (Finding Code No. 03-2)

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

- 05-41** The previous engagement noted the Department used current year appropriations to pay for future services to avoid lapsing funds, referred to as forward funding. During the current engagement, we noted the Department has discontinued the practice of forward funding. As a result, this finding is not repeated. (Finding Code No. 03-3, 01-2)

- 05-42** The previous engagement noted the Department improperly paid for Developmental Center personnel costs from Central Office appropriations for awards and grants. During the current engagement, we noted no expenditures improperly charged to Central Office appropriations. As a result, this finding is not repeated. (Finding Code No. 03-4)
- 05-43** The previous engagement noted the Department had no consistent methodology for charging pharmaceutical costs among the Department's Bureau of Pharmacy and Clinical Support Services (BPCSS) and the Department facilities. During the current engagement, we noted the Department implemented procedures to properly charge pharmaceutical expenditures among BPCSS and the Department facilities. As a result, this finding is not repeated. (Finding Code No. 03-5)
- 05-44** The previous engagement noted the Department requested postage for its meters and postage warrants at the end of the fiscal year in excess of reasonably expected usage for the beginning of the next fiscal year. During the current engagement, we noted the Department implemented controls to match yearly postage expenses to the proper fund and appropriation line items, prepare accurate postage reports, and properly record postage balances in the Department's financial statements. As a result, this finding is not repeated. (Finding Code No. 03-6)
- 05-45** The previous engagement noted the Department failed to file Medicare cost reports in a timely manner. This resulted in delayed and suspended payments to the State. During the current engagement, we noted the Department filed the reports on November 12, 2004, and November 14, 2005. As a result, this finding is not repeated. (Finding Code No. 03-9)
- 05-46** The previous engagement noted the Department did not update daily billing rates for facilities in a timely manner. During the current engagement, we noted the billing rates were updated in a more timely manner as of February 1, 2005, and as of May 1, 2004. As a result, this finding is not repeated. (Finding Code No. 03-10)
- 05-47** The previous engagement noted the Department failed to update the allowance for uncollectible accounts receivable in a consistent and timely manner. During the current engagement, we noted the Department updated and reviewed the allowances for uncollectible accounts receivable in a timely manner for GAAP reporting purposes. As a result, this finding is not repeated. (Finding Code No. 03-11)
- 05-48** The previous engagement noted the Department had inadequate procedures and recordkeeping for locally held funds. The Department implemented procedures to review cash balances in locally held funds and prepared Forms C-17s based on balances reported on the Department's accounting records. As a result, this finding is not repeated. (Finding Code No. 03-12)

- 05-49** The previous engagement noted the Department failed to file locally held fund reports with the Office of the Comptroller. During the current engagement, we noted all eight quarterly reports for fiscal years 2004 and 2005 were submitted prior to the due date. As a result, this finding is not repeated. (Finding Code No. 03-14)
- 05-50** The previous engagement noted the Department was overstocking commodities inventories and had ending inventory levels in excess of one year's usage. During the current engagement, we noted the Department has increased the controls over commodities inventories. We did not note excessive inventory balances during our year end testing. As a result, this finding is not repeated. (Finding Code No. 03-16, 01-7)
- 05-51** The previous engagement noted the Department did not document its review of telecommunications invoices and phone calls made by Department employees. During the current engagement, we noted the Department strengthened their review process, but immaterial weaknesses were noted. Due to the immaterial nature of these weaknesses, this finding is not repeated. (Finding Code No. 03-20)
- 05-52** The previous engagement noted the Department failed to file Worker's Compensation reports in a timely manner. During the current engagement, the Worker's Compensation function was transferred to the Department of Central Management Services. As a result, this finding is not repeated. (Finding Code No. 03-24)
- 05-53** The previous engagement noted the Department lacked adequate segregation of duties over the receipt, custody, and disposition of EDP equipment. In the prior compliance engagement, we noted the same individual who was responsible for initiating the order of EDP equipment was also responsible for receipt of the EDP equipment and disposal of all EDP equipment. The employee also managed the warehouse where EDP equipment was kept before it was sent to its intended location for installation. During the current engagement, we noted these duties are no longer handled by the same individual. As a result, this finding is not repeated. (Finding Code No. 03-25)
- 05-54** The previous engagement noted the Department failed to adequately monitor providers receiving funds from the Comprehensive Community Based Youth Services Program. During the current engagement, we noted the Department implemented monitoring procedures and has been monitoring providers receiving funds from the Comprehensive Community Based Youth Services Program. As a result, this finding is not repeated. (Finding Code No. 03-26)
- 05-55** The previous engagement noted the Department failed to fulfill statutory requirements regarding the Early Intervention Program. During the current engagement, we noted the Early Intervention Program is now in statutory compliance with the applicable mandates. As a result, this finding is not repeated. (Finding Code No. 03-28)

05-56 The previous engagement noted the Department failed to establish policies and procedures for developing and implementing interagency agreements regarding child care services. During the current engagement, we noted the policies and procedures have been developed and implemented. As a result, this finding is not repeated. (Finding Code No. 03-29)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Status of Management Audits
June 30, 2005

Illinois Department of Public Aid's KidCare Program

In July 2002, the Office of the Auditor General released its report of the Program and Management Audit of the Illinois Department of Public Aid's KidCare program. The audit was conducted pursuant to Senate Resolution 152, which was adopted May 24, 2001. This resolution required the Auditor General to conduct a program and management audit of the Illinois Department of Public Aid's KidCare program.

In addition to the eligibility determination process at Public Aid, Department of Human Services' caseworkers can determine eligibility. As a result of the audit, the Office of the Auditor General developed seven recommendations for the Department of Public Aid to improve its management controls over the KidCare program. Four of the seven recommendations were also applicable to the Department of Human Services.

During fiscal year 2005, we noted the Department has made progress in implementing the recommendations. However, certain recommendations were only partially implemented by the Department as follows:

- *The Departments of Public Aid and Human Services should assure that income is properly determined and appropriate documentation is included in the case files.*

and

- *The Departments of Public Aid and Human Services should assure the KidCare re-determinations are done when required and income is properly determined.*

We noted the Department strengthened controls related to KidCare income determinations, re-determinations and case file documentation. Electronically determined listings of all required re-determinations are distributed to Local Office staff for follow up on a monthly basis. In addition, the Department emphasized controls related to accurate income determination. We tested a sample of 60 income determinations and redeterminations. We noted ten exceptions and drafted a finding noting redeterminations are not consistently being completed on an annual basis. (Finding Code No. 05-34)

Although policies and procedures are in place, due to the complexity of income determinations and the large number of cases maintained in local offices, the system is subject to human error. We recommend the Department continue to strengthen controls related to income determinations, re-determinations and case file documentation.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Status of Management Audits
June 30, 2005

Illinois Department of Human Services' Early Intervention Program (August 2002)

Legislative Audit Commission Resolution Number 122 directed the Auditor General to examine the adequacy of the Early Intervention Program. In August 2002, the management audit of the Early Intervention Program was released. The management audit resulted in 4 recommendations to the Department.

During fiscal year 2005, we noted the Department has made progress in implementing the recommendations. However certain recommendations were only partially implemented by the Department as follows:

- *The Department should ensure that its management information systems provide adequate and accurate information to effectively oversee and manage the Early Intervention Program.*

The Department has made progress in this area by creating monthly reports readily available to the Bureau of Early Intervention which are derived directly from the Cornerstone system and no longer have to rely on the Child and Family Connections (CFCs) for this data. The Early Intervention Program has three specialists who are assigned to specific CFCs to monitor their performance based on the monthly statistical reports. The Early Intervention Program has made significant improvements; the Department now has real time access to the Cornerstone system and can generate real time reports.

- *The Department should establish a comprehensive system to monitor provider performance.*

The Department has received more formal complaints about providers. However, the follow up time on each complaint has been decreasing. Complaints have risen from 6 formal complaints reported in calendar year 2004 to 29 formal complaints in fiscal year 2005. Each complaint is followed up between 10 and 15 days.

The August 2002 management audit concluded that adequate Department follow-up on the potential duplicate claims had not been done. Since the August 2002 management audit, duplicate claims were either collected or reported to a collection agency. The total amount of duplicate claims has been recovered, and the Department's controls over duplicate claims appear to be adequate.

These were instances where providers billed for services but did not have supporting documentation for those services or where it appeared that the provider was not properly credentialed for the services performed. In those instances, the Department mailed letters asking for documentation and further sent letters requesting funding back from those providers with no credentials. The Central Billing Office will currently not process bills for providers who are not credentialed. While it would be impossible to prevent collusion for fraudulent claims, the Department does require that the names of employees of the provider who performed the work be listed on the claims for billing. We recommend the Department continue monitoring and making site visits to ensure work is performed by credentialed employees and that such employees are actually performing the services.

A process to identify providers requiring on-site visits has been implemented. The Department has outsourced the monitoring to a contractor and is completing consistent site visits of providers.

Although the Department tries to acquire signatures of parents or caregivers on case notes for which services are performed, there still are instances where signatures are not obtained when the parent or caregiver is not there when the service is performed (i.e. daycare).

During fiscal year 2003, the Department was relying on the CFCs to perform surveys of the parents and caregivers of the providers. The Early Intervention Program recently received the Family Outcome grant and it is to be used for the purpose of developing a standardized survey.

We recommend the Department continue to develop its comprehensive monitoring of provider performance.

- *The Department should further enhance the monitoring system established over CFCs.*

Significant monitoring over CFCs has been implemented through the monthly reports, on-site visits and other monitoring tools. Individualized Family Service Plans (IFSP) are required to be developed within 45 days. The Program is now consistently developing the IFSP at an average of 29 days statewide.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Status of Management Audits
June 30, 2005

Illinois Department of Human Services' Early Intervention Program (April 2002 Follow-up)

In 1993, the Office of the Auditor General completed an audit of the Early Intervention Program. Public Act 92-307, effective August 9, 2001, directed the Office of the Auditor General to conduct a follow-up to its 1993 evaluation of the Department of Human Services' Early Intervention (EI) Program. In April 2002, a follow-up report examining operations of the EI Program was released. The follow-up report resulted in 8 recommendations to the EI Program.

During the engagement, we noted the Department has made progress in implementing the recommendations. However, certain recommendations were only partially implemented by the Department as follows:

- *Continue efforts to increase public awareness of the Early Intervention Program, specifically focusing such efforts in areas of the State with low EI Program participation rates.*

We noted the Department worked with Local Interagency Councils for more public awareness activities and as of February 2004 there was only one CFC under the 2.00% participation rate threshold. During fiscal year 2004, workgroups reviewed the policies and commenced a plan at the local CFCs. A contractor has added testing for compliance with this plan. We recommend that the EI Program continue its efforts in increasing participation.

- *Continue to monitor and follow-up on cases where children are not receiving services in a timely manner.*

A child's evaluation, initial assessment and initial plan meeting must be held within 45 days after the initial contact with the EI system (325 ILCS 20). Over 90% of EI cases are meeting the 45 day contact threshold as of June 2005, with an average of 29 days per case. There were individual cases at the CFCs where fiscal year 2003 average percentages of cases which met the 45 day level were as low as 64.5% (CFC #3). A majority of instances of non-compliance were the cause of parents missing evaluation meetings or initial assessment meetings which is beyond the control of the Department.

We recommend the Department continue to review monthly reports from CFC offices for timeliness of services. Continued attention should be made in efforts to reduce, where possible, any cases not meeting the 45 day threshold.

- *The Department should review the appropriateness of CFC caseloads compared to State established and nationally accepted criteria, as called for in the Improvement Plan submitted to the federal Office of Special Education Programs. When CFC caseloads deviate significantly from such criteria and when such deviations are determined to be limiting effective service coordination, appropriate follow-up action should be taken.*

We noted that the Department addressed these issues during contracting measures and provided more technical assistance to the CFCs to ensure they have appropriate resources to ensure effective service coordination. However, there continued to be large fluctuations between CFCs and their caseloads. The statewide average caseload for June 2005 was 48.3 cases. In an effort to address large variations between caseloads, the Department has implemented funding to the CFCs based on caseloads rather than a flat fee. Funding of additional \$57,000 per every 43 cases is paid to the CFCs in order to pay for more staff time and additional expenses related to the increased caseloads. We recommend that the Department continue to address caseload variations between CFCs.

- *The Department and the Illinois Interagency Council on Early Intervention should issue the annual report required by the Illinois Early Intervention Services System Act in a timely manner. Furthermore, the annual report should contain the information required by Section 4 of the Act.*

The fiscal year 2004 annual report was issued timely and contained the information required by Section 4 of the Act.

- *The Department should continue its efforts to implement all the requirements of Public Act 92-307.*

Public Act 92-307 requires certain postings to the EI website on a timely basis. The Department posted the documents to the website in a timely manner. Additionally, all documents necessary for the contractor have been added to the website so they may be easily downloaded.

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying basic financial statements of the Illinois Department of Human Services was performed by Sikich LLP as special assistants for the Auditor General.

Based on their audit, the auditors expressed an unqualified opinion on the Department's basic financial statements.

Note: The Independent Auditor's Report and financial statements as of and for the year ended June 30, 2004 were previously issued under separate cover. The report dated December 2, 2004 was issued by Sikich Gardner & Co, LLP as Special Assistant Auditors to the Auditor General and is incorporated herein by reference.



INDEPENDENT AUDITORS' REPORT

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Human Services (the Department), as of and for the year ended June 30, 2005, which collectively comprise the Department's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Department's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the financial statements of the Department are intended to present the financial position and changes in financial position of only that portion of the governmental activities, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2005, and its changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Department, as of June 30, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2006 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Department has not presented a management's discussion and analysis and budgetary comparison information for any of its funds that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. The combining General Fund, nonmajor fund and fiduciary fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining General Fund, nonmajor fund and fiduciary fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

Schick LLP

Springfield, Illinois
January 30, 2006

State of Illinois
Department of Human Services

Statement of Net Assets and Governmental Funds Balance Sheet

June 30, 2005 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
ASSETS					
Unexpended appropriations	\$ 180,364	\$ 3,747	\$ 184,111	\$ -	\$ 184,111
Cash equity with State Treasurer	8,578	52,252	60,830	-	60,830
Cash and cash equivalents	214	3,385	3,599	-	3,599
Investments	-	2,336	2,336	-	2,336
Due from other government - federal	118,243	77,603	195,846	-	195,846
Due from other government - local	2,742	607	3,349	-	3,349
Taxes receivable, net	-	384	384	-	384
Other receivables, net	24,695	12,716	37,411	-	37,411
Due from other Department funds	3	263	266	(266)	-
Due from other State funds	71	616	687	-	687
Inventories	11,433	226	11,659	-	11,659
Prepaid expenses	-	-	-	1,928	1,928
Other assets	-	186	186	-	186
Capital assets not being depreciated	-	-	-	3,617	3,617
Capital assets being depreciated, net	-	-	-	310,002	310,002
Total assets	\$ 346,343	\$ 154,321	\$ 500,664	315,281	815,945
LIABILITIES					
Accounts payable and accrued liabilities	\$ 259,014	\$ 60,710	\$ 319,724	-	319,724
Due to other government - federal	3,731	240	3,971	-	3,971
Due to other government - local	12,090	5,244	17,334	-	17,334
Due to other Department fiduciary funds	2	-	2	-	2
Due to other State fiduciary funds	4,840	585	5,425	-	5,425
Due to other Department funds	26	240	266	(266)	-
Due to other State funds	9,565	10,397	19,962	-	19,962
Due to State of Illinois component units	2,158	3,182	5,340	-	5,340
Unavailable revenue	59,404	11,339	70,743	(70,743)	-
Deferred revenue	23,057	26,196	49,253	-	49,253
Long-term obligations:					
Due within one year	-	-	-	2,925	2,925
Due subsequent to one year	-	-	-	66,703	66,703
Total liabilities	373,887	118,133	492,020	(1,381)	490,639
FUND BALANCES/NET ASSETS					
Reserved for:					
Encumbrances	1,113	97	1,210	(1,210)	-
Inventories	11,433	226	11,659	(11,659)	-
Other	-	1,117	1,117	(1,117)	-
Unreserved:					
General funds	(40,090)	-	(40,090)	40,090	-
Special revenue funds	-	34,710	34,710	(34,710)	-
Permanent funds	-	38	38	(38)	-
Invested in capital assets, net of related debt	-	-	-	313,346	313,346
Restricted net assets	-	-	-	532	532
Funds held as Permanent Investments:					
Nonexpendable purposes	-	-	-	1,117	1,117
Expendable purposes	-	-	-	38	38
Unrestricted net assets	-	-	-	10,273	10,273
Total fund balances/net assets	(27,544)	36,188	8,644	\$ 316,662	\$ 325,306
Total liabilities and fund balances	\$ 346,343	\$ 154,321	\$ 500,664		

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Assets
June 30, 2005
(Expressed in Thousands)

Total fund balances-governmental funds	\$	8,644
<p>Amounts reported for governmental activities in the Statement of Net Assets are different because:</p>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		313,619
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1,928
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		70,743
Some liabilities reported in the Statement of Net Assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These activities consist of:		
Capital lease obligations	(22)	
Installment purchase obligations	(251)	
Compensated absences	<u>(69,355)</u>	
		<u>(69,628)</u>
Net assets of governmental activities	\$	<u>325,306</u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois

Department of Human Services

Statement of Activities and Governmental Revenues,
Expenditures, and Changes in Fund Balances

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	\$ 3,847,449	\$ 2,232,829	\$ 6,080,278	\$ 21,054	\$ 6,101,332
Debt service - principal	188	14	202	(202)	-
Debt service - interest	17	1	18	-	18
Capital outlays	1,202	579	1,781	(1,781)	-
Total expenditures/expenses	3,848,856	2,233,423	6,082,279	19,071	6,101,350
Program revenues:					
Charges for services:					
Licenses and fees	43	4,992	5,035	29	5,064
Other	185	23,110	23,295	(2,921)	20,374
Total charges for services	228	28,102	28,330	(2,892)	25,438
Operating grant revenue:					
Federal	785,502	2,132,489	2,917,991	10,917	2,928,908
Other	12,458	-	12,458	2,740	15,198
Total operating grant revenue	797,960	2,132,489	2,930,449	13,657	2,944,106
Net program revenues	(3,050,668)	(72,832)	(3,123,500)	(8,306)	(3,131,806)
General revenues:					
Other taxes	-	1,874	1,874	10	1,884
Interest and investment income	120	211	331	-	331
Other	3,201	16,207	19,408	6,090	25,498
Total general revenues	3,321	18,292	21,613	6,100	27,713
Other sources (uses):					
Appropriations from State resources	3,814,970	32,032	3,847,002	-	3,847,002
Lapsed appropriations	(32,036)	(8,677)	(40,713)	-	(40,713)
Receipts collected and transmitted to State Treasury	(609,769)	(21,784)	(631,553)	-	(631,553)
Net change in liabilities for reappropriated accounts	(4,203)	-	(4,203)	-	(4,203)
Capital transfers from other State agencies	-	-	-	10,810	10,810
Amount of SAMS transfers-in	(79,034)	-	(79,034)	-	(79,034)
Amount of SAMS transfers-out	4,329	-	4,329	-	4,329
Transfer of administration of State's workers' compensation liability	-	-	-	39,369	39,369
Transfers-in	14,219	67,119	81,338	(65,987)	15,351
Transfers-out	(75,687)	(8,023)	(83,710)	65,987	(17,723)
Capital lease and installment purchase financing	64	-	64	(64)	-
Total other sources (uses)	3,032,853	60,667	3,093,520	50,115	3,143,635
Change in fund balance/net assets	(14,494)	6,127	(8,367)	\$ 47,909	39,542
Fund balance/net assets, July 1, 2004, as restated	(13,050)	30,061	17,011		285,764
Fund balance/net assets, June 30, 2005	\$ (27,544)	\$ 36,188	\$ 8,644		\$ 325,306

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services
Reconciliation of Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For the Year Ended June 30, 2005
(Expressed in Thousands)

Net change in fund balances	\$ (8,367)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which depreciation in the current period exceeded capital outlays.</p>	(23,052)
<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.</p>	202
<p>Some capital additions were financed through installment purchases. In governmental funds, installment purchases are considered a source of financing, but in the Statement of Net Assets the installment purchase obligation is reported as a liability.</p>	(64)
<p>Some capital assets were transferred in from other State agencies and therefore, were received at no cost.</p>	10,810
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	17,018
<p>Prepaid expenses in the Statement of Activities are reported as expenses in governmental funds.</p>	669
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Below are such activities.</p>	
<p>Decrease in compensated absences obligation</p>	2,952
<p>Decrease in workers' compensation claim obligation</p>	39,369
<p>Decrease in accrued interest</p>	5
Change in net assets of governmental activities	<u><u>\$ 39,542</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services
Statement of Fiduciary Net Assets
 June 30, 2005 (Expressed in Thousands)

	Private-Purpose Trust Hansen- Therkelsen Memorial Deaf Student College 0123	Agency Funds
ASSETS		
Cash equity with State Treasurer	\$ 805	\$ -
Cash and cash equivalents	-	1,044
Investments	-	1,260
Due from other government - federal	-	7
Other receivables, net	2	8
Due from other Department funds	-	2
Loans and notes receivable	80	-
Total assets	887	\$ 2,321
LIABILITIES		
Accounts payable and accrued liabilities	-	\$ 2,321
Total liabilities	-	\$ 2,321
NET ASSETS		
Held in trust and other purposes	\$ 887	

The accompanying notes to the financial statements are an integral part of this statement.

State of Illinois
Department of Human Services

Statement of Changes in Fiduciary Net Assets

For the Year Ended June 30, 2005 (Expressed in Thousands)

	<u>Private-Purpose Trust</u> <u>Hansen-Therkelsen Memorial Deaf Student College 0123</u>
Additions:	
Investment earnings:	
Interest, dividends and other investment income	\$ 18
Total investment earnings	<u>18</u>
Other additions	<u>19</u>
Total additions	<u>37</u>
Change in net assets	37
Net assets, July 1, 2004	<u>850</u>
Net assets, JUNE 30, 2005	<u><u>\$ 887</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(1) Organization

The Department of Human Services (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources primarily from the General Fund are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Department of Central Management Services, the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the Illinois General Assembly. All funds appropriated to the Department and all other cash received are under the custody and control of the State Treasurer, excluding all locally-held funds authorized by State law.

The Department is organized to assist Illinois residents to achieve self-sufficiency, independence and health to the maximum extent possible by providing integrated family-oriented services, promoting prevention and establishing measurable outcomes in partnership with communities.

(2) Summary of Significant Accounting Policies

The financial statements of the Department have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, summarized below are the more significant accounting policies.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or
- 2) Fiscal dependency on the primary government.

Based upon the required criteria, the Department has no component units and is not a component unit of any other entity. However, because the Department is not legally separate from the State of Illinois, the financial statements of the Department are included in the financial statements of the State of Illinois. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(b) Basis of Presentation

The financial statements of the State of Illinois, Department of Human Services, are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund of the State of Illinois, and the aggregate remaining fund information of the State of Illinois that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2005 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial activities of the Department, which consist only of governmental activities, are reported under the health and social services function in the State of Illinois' Comprehensive Annual Report. For reporting purposes, the Department has combined the fund and government-wide financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. A brief description of the Department's government-wide and fund financial statements is as follows:

Government-wide Statements: The government-wide statement of net assets and statement of activities report the overall financial activity of the Department, excluding fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities of the Department. The financial activities of the Department consist only of governmental activities, which are primarily supported by taxes and intergovernmental revenues.

The statement of net assets presents the assets and liabilities of the Department's governmental activities with the difference being reported as net assets. The assets and liabilities are presented in order of their relative liquidity by class of asset or liability with liabilities whose average maturities are greater than one year reported in two components - the amount due within one year and the amount due in more than one year.

The statement of activities presents a comparison between direct expenses and program revenues for the health and social services function of the Department's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Department's funds, including fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis on fund financial statements is on the major governmental fund, which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Department administers the following major governmental fund (or portions thereof in the case of shared funds - see note 2(d)) of the State:

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

General – This is the State’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The Department’s portion of the General Fund is composed of a primary sub-account (General Revenue) and four secondary sub-accounts (Community MH/DD Services Provider Participation Fee, Care Provider Fund for Persons with Developmental Disabilities, Community Mental Health Medicaid Trust, and DHS Recoveries Trust).

Additionally, the Department reports the following funds types:

Governmental Fund Types:

Special Revenue – These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions and other resources restricted as to purpose.

Permanent Trust – These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizens.

Fiduciary Fund Types:

Private Purpose Trust – These funds account for resources legally held in trust for use by individuals the Department serves. All resources of these funds, including any earnings on invested resources, may be used to support these individuals. There is no requirement that any portion of these resources be preserved as capital.

Agency – These funds account for receipts from individuals or groups of individuals at the Department’s mental health and developmental centers, and schools, as well as electronic benefit transfers, and receipts from the Federal Government for transfer to other funds for social service programs. These funds are collected by the Department, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

(c) Measurement Focus and Basis of Accounting

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Nonexchange transactions, in which the Department gives (or

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

Notes to Financial Statements

June 30, 2005

receives) value without directly receiving (or giving) equal value in exchange, include intergovernmental grants. Revenue from grants, entitlements, and similar items are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, 1) principal and interest on formal debt issues, such as bonds and capital leases, are recorded only when payment is due, and 2) compensated absences and claims and judgments are recorded when they are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include intergovernmental grants, charges for services, and interest and other investment income. All other revenue sources including fines and other miscellaneous revenues are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue and Care Provider for Persons with Developmental Disabilities subaccounts of the General Fund and the Tobacco Settlement Recovery Fund, Maternal and Child Health Services Block Grant Fund, and Preventive Health and Health Services Block Grant Fund, nonmajor governmental funds, represents only the portion of the shared fund that can be directly attributed to the operations of the Department. Financial statements for total fund operations of the shared State funds are presented in the State of Illinois' Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Department's portion of shared funds:

Unexpended Appropriations

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records.

Net Change in Liabilities for Reappropriated Accounts

This account reflects the amount which should be added to or subtracted from the current year appropriation for shared funds to reflect the increase or decrease from prior year to current year for amounts included in obligations for reappropriated accounts which are liabilities at June 30 of the prior year and June 30 of the current year.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Transmitted to State Treasury

This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records.

Amount of SAMS Transfers-In

This "other financing use" account represents cash transfers made by the Office of the Comptroller in accordance with statutory provisions to the corresponding fund during the fiscal year per SAMS records in which the Department did not make a deposit into the State Treasury.

Amount of SAMS Transfers-Out

This "other financing source" account represents cash transfers made by the Office of the Comptroller in accordance with statutory provision from the corresponding fund during the fiscal year per SAMS records in which a legally adopted appropriation was not charged.

(e) Eliminations

Eliminations have been made in the government-wide statement of net assets to minimize the "grossing-up" effect on assets and liabilities within the governmental activities column of the Department. As a result, amounts reported in the governmental funds balance sheet as interdepartmental interfund receivables and payables have been eliminated in the government-wide statement of net assets. Amounts reported in the governmental funds balance sheet as receivable from or payable to fiduciary funds have been included in the government-wide statement of net assets as receivable from and payable to external parties, rather than as internal balances.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(f) Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments readily convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, and money market accounts for locally held funds.

(g) Investments

Investments are reported at fair value. The Department holds investments pursuant to statutory authority for locally held funds.

(h) Inventories

Inventories, consisting primarily of food and drugs, maintained at the mental health and developmental centers, are valued at weighted average cost. The remaining inventories are valued at replacement cost. Significant inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

(i) Interfund Transactions

The Department has the following types of interfund transactions between Department funds and funds of other State agencies:

Services provided and used—sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheets or the government-wide statements of net assets.

Reimbursements—repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Transfers—flows of assets (such as cash or goods) without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

The Department also has activity with various component units of the State of Illinois for professional services received and payments for State and Federal programs.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(j) Capital Assets

Capital assets, which include property, plant, and equipment, are reported at cost or estimated historical cost based on appraisals. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated using the straight-line method.

Capitalization thresholds and the estimated useful lives are as follows:

Capital Asset Category	Capitalization Threshold	Estimated Useful Life (in Years)
Land	\$100,000	N/A
Land Improvements	25,000	N/A
Site Improvements	25,000	3-50
Buildings	100,000	10-60
Building Improvements	25,000	10-45
Equipment	5,000	3-25

(k) Compensated Absences

The liability for compensated absences reported in the government-wide statement of net assets consists of unpaid, accumulated vacation and sick leave balances for Department employees. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g., Social Security and Medicare taxes).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted. Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(l) Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purpose. Designations of fund balances represent tentative State plans that are subject to change.

(m) Net Assets

In the government-wide statement of net assets, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

(n) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) Deposits and Investments

(a) Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Department is required by the State Officers and Employees Money Disposition Act to obtain a bond, pledged securities, or other eligible collateral equal to or greater than the uninsured portion of the deposit. As of June 30, 2005, \$3.688 million of the Department's bank balance of \$6.967 million was exposed to custodial credit risk (amounts expressed in thousands) as follows:

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

Uninsured and collateral held by the pledging financial institution (but not in its trust department or agent) in the Department's name	\$ 1,539
Uninsured and collateral not in the Department's name	<u>2,149</u>
	<u>\$ 3,688</u>

(b) Investments

The State Treasurer is the custodian of the State's cash and cash equivalents for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer, or in transit, for governmental funds and fiduciary funds totaled \$60.830 million and \$805 thousand, respectively, at June 30, 2005. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Department does not own individual securities. Details on the nature of these deposits and investments are available within the State of Illinois' Comprehensive Annual Financial Report.

As of June 30, 2005, the Department had the following investments outside of the State Treasury:

	<u>Fair Value (Thousands)</u>	<u>Weighted Average Maturity</u>
Governmental Funds		
U.S. Treasury Notes	\$ 85	27 months
Illinois Public Treasurers' Investment Pool	\$ 1,081	1 day
Equity Mutual Funds	\$ 34	N/A

Interest Rate Risk: The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Department does not have a formal investment policy that limits investment choices. The Illinois Public Treasurers' Investment Pool was rated AAAM by Standard & Poor's.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(c) Reconciliation to Statement of Net Assets and Statement of Fiduciary Net Assets

The amounts reported as investments in the Statement of Net Assets and the Statement of Fiduciary Net Assets contain certain long-term deposits to reflect their lack of liquidity. A reconciliation (amounts expressed in thousands) follows:

<i>Governmental and Business-Type Activities</i>	<u>Deposits</u>	<u>Investments</u>
Amounts Per Note	\$ 4,693	\$ 1,200
Deposits held for investment purposes	(1,136)	1,136
Petty cash	42	-
Amounts per Statement of Net Assets	<u>\$ 3,599</u>	<u>\$ 2,336</u>
<i>Fiduciary Funds</i>	<u>Deposits</u>	<u>Investments</u>
Amounts Per Note	\$ 2,274	\$ -
Deposits held for investment purposes	(1,260)	1,260
Petty cash	30	-
Amounts per Statement of Fiduciary Net Assets	<u>\$ 1,044</u>	<u>\$ 1,260</u>

(4) Other Receivables

Other receivables at June 30, 2005, (expressed in thousands) consisted of the following:

<u>Revenue Source</u>	<u>Governmental Funds</u>		<u>Fiduciary Funds</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
Fines and fees	\$ -	\$ 420	\$ -
Public assistance recoveries	449,170	-	-
Rebates	-	11,281	-
Recipient services	-	12,693	2
Investment and other income	19	16	8
Total other receivables	449,189	24,410	10
Allowance for uncollectible amounts	(424,494)	(11,694)	-
Other receivables, net	<u>\$ 24,695</u>	<u>\$ 12,716</u>	<u>\$ 10</u>

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

(5) Interfund Balances and Activity

(a) Balances Due to/from Other Funds

The following balances (amounts expressed in thousands) at June 30, 2005 represent amounts due from other Department and State of Illinois funds.

<u>Fund</u>	<u>Due from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 3	\$ 71	Due from other Department funds and other State funds for expenditure reimbursements.
Nonmajor governmental funds	263	616	Due from other Department funds and other State funds for expenditure reimbursements.
Fiduciary	2	-	Due from other Department funds for expenditure reimbursements.
	<u>\$ 268</u>	<u>\$ 687</u>	

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2005

The following balances (amounts expressed in thousands) at June 30, 2005 represent amounts due to other Department and State of Illinois funds.

Fund	Due to				Description/Purpose
	Other Department Funds	Other State Funds	Other Department Fiduciary Funds	Other State Fiduciary Funds	
General	\$ 26	\$ 9,565	\$ 2	\$ 4,840	Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements and budget shortfalls, and other State fiduciary funds for postemployment benefits.
Nonmajor governmental funds	240	10,397	-	585	Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements and budget shortfalls, and other State fiduciary funds for postemployment benefits.
	<u>\$ 266</u>	<u>\$ 19,962</u>	<u>\$ 2</u>	<u>\$ 5,425</u>	

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(b) Transfers to/from Other Funds

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2005, were as follows:

<u>Fund</u>	<u>Transfers in from</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 219	\$ 14,000	Transfer from other Department funds pursuant to statute.
Nonmajor governmental funds	65,768	1,351	Transfers from other Department funds and other State funds pursuant to statute and annual appropriations bill.
	<u>\$ 65,987</u>	<u>\$ 15,351</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2005, were as follows:

<u>Fund</u>	<u>Transfers out to</u>		<u>Description/Purpose</u>
	<u>Other Department Funds</u>	<u>Other State Funds</u>	
General	\$ 65,521	\$ 10,166	Transfers to other Department funds pursuant to statute and to other State funds for State budget shortfalls and debt service requirements.
Nonmajor governmental funds	466	7,557	Transfers to other Department funds pursuant to statute and other State funds for State budget shortfalls.
	<u>\$ 65,987</u>	<u>\$ 17,723</u>	

**STATE OF ILLINOIS
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Notes to Financial Statements

June 30, 2005

(c) Balances due to State of Illinois Component Units

The following balances (amounts expressed in thousands) at June 30, 2005 represent amounts due to State of Illinois Component Units.

<u>Component Unit</u>	<u>Due to</u>		<u>Description/Purpose</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	
Illinois Toll Highway Authority	\$ 1	\$ -	Reimbursement for expenses incurred.
Chicago State University	12	225	Reimbursement for expenses incurred.
Eastern Illinois University	20	44	Reimbursement for expenses incurred.
Governors State University	20	1	Reimbursement for expenses incurred.
Northeastern Illinois University	-	4	Reimbursement for expenses incurred.
Western Illinois University	-	87	Reimbursement for expenses incurred.
Illinois State University	-	2	Reimbursement for expenses incurred.
Northern Illinois University	112	28	Reimbursement for expenses incurred.
Southern Illinois University	25	368	Reimbursement for expenses incurred.
University of Illinois	1,968	2,423	Reimbursement for expenses incurred.
	<u>\$ 2,158</u>	<u>\$ 3,182</u>	

**STATE OF ILLINOIS
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Notes to Financial Statements

June 30, 2005

(6) Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2005 was as follows:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2005</u>
Capital assets not being depreciated:					
Land and land improvements	\$ 3,617	\$ -	\$ -	\$ -	\$ 3,617
Total capital assets not being depreciated	<u>3,617</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,617</u>
Capital assets being depreciated:					
Site improvements	102,762	-	-	636	103,398
Buildings and building improvements	637,557	-	-	10,174	647,731
Equipment	62,050	1,781	7,333	-	56,498
Capital leases - equipment	167	-	-	-	167
Total capital assets being depreciated	<u>802,536</u>	<u>1,781</u>	<u>7,333</u>	<u>10,810</u>	<u>807,794</u>
Less accumulated depreciation:					
Site improvements	58,430	3,686	-	-	62,116
Buildings and building improvements	372,459	16,982	-	-	389,441
Equipment	49,312	4,108	7,333	-	46,087
Capital leases - equipment	91	57	-	-	148
Total accumulated depreciation	<u>480,292</u>	<u>24,833</u>	<u>7,333</u>	<u>-</u>	<u>497,792</u>
Total capital assets being depreciated, net	<u>322,244</u>	<u>(23,052)</u>	<u>-</u>	<u>10,810</u>	<u>310,002</u>
Total capital assets, net	<u>\$ 325,861</u>	<u>\$ (23,052)</u>	<u>\$ -</u>	<u>\$ 10,810</u>	<u>\$ 313,619</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2005 was charged as follows:

Health and social services \$ 24,833

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June 30, 2005

During fiscal year 2002, the Department closed the Lincoln Developmental Center which has a book value of \$10.299 million, net of \$34.856 million in accumulated depreciation. It is unknown whether the Center will be placed back into service in the future.

(7) Long-Term Obligations

(a) Changes in Long-Term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2005 were as follows:

	Balance July 1, 2004	Additions	Deletions	Balance June 30, 2005	Amounts Due Within One Year
Other long-term obligations:					
Compensated Absences	\$ 72,307	\$ 82,971	\$ 85,923	\$69,355	\$ 2,774
Capital lease obligations	81	-	59	22	22
Installment purchase obligations	330	64	143	251	129
Workers' compensation claim obligations	42,405	-	42,405	-	-
Total	\$ 115,123	\$ 83,035	\$ 128,530	\$69,628	\$ 2,925

Compensated absences have been liquidated by the applicable governmental funds that account for the salaries and wages of the related employees.

During the fiscal year, the administration of the State's workers' compensation claims was transferred to the Department of Central Management Services and the liability was removed from the Department's financial statements.

(b) Capital lease obligations

The Department leases buildings, office and computer equipment with a historical cost and accumulated depreciation (amounts expressed in thousands) of \$167 and \$148, respectively, under capital lease arrangements. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting. Future minimum lease payments (amounts expressed in thousands) at June 30, 2005 are as follows:

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<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 22	\$ 1	\$ 23
	<u>\$ 22</u>	<u>\$ 1</u>	<u>\$ 23</u>

(c) Installment purchase obligations

The Department has acquired certain office equipment, computer equipment, and other assets through installment purchase arrangements. Future debt service requirements under installment purchase contracts (amounts expressed in thousands) at June 30, 2005, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 129	\$ 9	\$ 138
2007	122	3	125
	<u>\$ 251</u>	<u>\$ 12</u>	<u>\$ 263</u>

(8) Pension Plan

Substantially all of the Department's full-time employees who are not eligible for participation in another state-sponsored retirement plan participate in the State Employees' Retirement System (SERS), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system (PERS) in which State employees participate, except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. The financial position and results of operations of the SERS for fiscal year 2005 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2005. The SERS issues a separate CAFR that may be obtained by writing to the SERS, 2101 South Veterans Parkway, Springfield, Illinois, 62794-9255.

A summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the SERS' CAFR. Also included is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Department pays employer retirement contributions based upon an actuarially determined percentage of their payrolls. For fiscal year 2005, the employer contribution rate was 16.107%. Effective for pay periods beginning after December 31, 1991, the State opted to pay the employee portion of retirement for most State agencies (including the Department) with employees covered by the State Employees' and Teachers' Retirement Systems. However, effective with the fiscal year

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2004 budget, the State opted to stop paying the portion or a part of the portion of retirement for many State agencies (including the Department) for certain classes of employees covered by the State Employees' and Teachers' Retirement Systems. The pickup, when applicable, is subject to sufficient annual appropriations and those employees covered may vary across employee groups and State agencies.

(9) Post-employment Benefits

The State provides health, dental, and life insurance benefits for certain retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health and dental benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Life insurance benefits are limited to \$5,000 per annuitant age 60 and older. The total cost of health, dental, and life insurance benefits of all members, including post-employment health, dental, and life insurance benefits, is recognized as an expenditure for the State in the Illinois Comprehensive Annual Financial Report. The total costs incurred for health, dental, and life insurance benefits are not separated by Department for annuitants and their dependents nor active employees and their dependents.

(10) Fund Deficits

The General Fund and the Federal National Community Services, Employment and Training, Alcoholism and Substance Abuse, and Youth Drug Abuse Prevention funds, nonmajor governmental funds, had fund deficits (amounts expressed in thousands) of \$27,544, \$89, \$2, \$77 and \$59, respectively, at June 30, 2005. These deficits will be eliminated by future recognition of earned but unavailable revenues.

(11) Risk Management

The Department is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; aviation liability; auto liability; workers compensation; and natural disasters. The State retains the risk of loss (i.e self insured) for these risks.

(12) Commitments and Contingencies

(a) Operating leases

The Department leases office facilities, office equipment, and computer equipment under the terms of noncancelable operating lease agreements that require the Department to make minimum lease payments plus pay a pro rata share of certain operating costs. Rent expense under operating leases was \$28.872 million for the year ended June 30, 2005.

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June 30, 2005

The following is a schedule of future minimum lease payments under operating leases (amounts expressed in thousands):

<u>Year ending June 30,</u>	<u>Amount</u>
2006	\$ 33
2007	<u>8</u>
	<u>\$ 41</u>

(b) Federal Funding

The Department receives federal grants which are subject to review and audit by federal grantor agencies. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants and subject to repayment by the Department. Generally, no provision for repayment is recorded until the federal grantor agency has determined a repayment is necessary. Identified questioned costs are reported in the State of Illinois Single Audit Report. A copy of the report may be obtained by contacting the State of Illinois Office of the Auditor General, Iles Park Plaza, 740 East Ash Street, Springfield, IL 62703-3154.

The Department administers the Special Education – Grants for Infants and Families with Disabilities program. It is anticipated the State of Illinois Single Audit Report for the year ended June 30, 2005 will include a disclaimer of opinion for this program. No costs were determined during the audit to be ineligible for reimbursement. The Department claimed \$23.8 million under this program during state fiscal year 2005.

The Department administers the federal Temporary Assistance for Needy Families program (TANF). As a condition of receiving TANF funds, the State is required to maintain a certain level of State expenditures (Maintenance of Effort or MOE). Some State expenditures used as TANF MOE in fiscal years 1998 through 2005 were also used by another State agency to obtain leveraged incentive awards under the federal Low Income Home Energy Assistance Program. As a result, the Department may not have met the TANF MOE requirement for fiscal years 1998 through 2005 and may be required to repay a portion of the federal funding received in those years to the U.S. Department of Health and Human Services (USDHHS). The Department is currently in discussion with USDHHS officials on this matter. However, an estimated range of potential contingent liability cannot be determined.

For federal grant programs in which questioned costs could be determined, the State of Illinois Single Audit Reports for the years ended June 30, 2004 and June 30, 2003 include questioned costs totaling \$6.6 and \$1.5 million, respectively, for the Department that have not been resolved. Management of the Department disagrees with the determination of questioned costs and has provided documentation supporting their position to the federal grantor agency conducting the review. The Department expects questioned costs to be reported in the State of Illinois Single Audit Report for the year ended June 30, 2005 totaling approximately \$9.6 million.

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Notes to Financial Statements

June 30, 2005

(c) *Litigation*

The Department has been named as a defendant in the cases disclosed in the following paragraphs. The Department's opinion based on the current status is that the likelihood of a negative outcome is not probable but could be reasonably possible. The Department intends to vigorously defend all of these actions and in the event a material action is settled against the Department, such amounts would be paid from future appropriations or by another State agency. Accordingly, no amounts have been provided in the accompanying financial statements related to outstanding litigation.

Bertrand and Patterson v. Maram is a suit against DHS and the Department of Public Aid (now known as the Department of Healthcare and Family Services) alleging violations of the Medicaid Act in connection with defendants' alleged failure to provide Community Integrated Living Arrangement (CILA) services to individuals currently served under the Illinois Home and Community Based Medicaid Waiver program. Plaintiffs seek entry of an injunction requiring the provision of funding to all waiver program participants for the full range of waiver services within 90 days or some reasonably prompt period. Motion for Summary Judgment is pending. Plaintiffs are seeking injunctive relief. However, if plaintiffs were successful and prevailed on the merits, DHS could be required to restructure the manner in which it delivers Medicaid residential services and build more CILAs.

Jackson v. Alvarez is a wrongful death action filed against two former Lincoln Developmental Center employees alleging that their negligence caused the death of a former resident. In March 2004, the case was dismissed, but the plaintiffs appealed and in June 2005, the Appellate Court issued an opinion affirming the dismissal. Plaintiff has not filed any pleadings since the action was remanded by the Appellate Court and could be ultimately dismissed for want of prosecution.

Ligas v. Maram is a complaint for declaratory and injunctive relief filed against DHS and DPA by nine individuals with mental retardation and other developmental disabilities who claim violation of various federal statutes, including the Americans with Disabilities Act, in connection with defendant's alleged failure to provide them with appropriate services sufficient to permit them to live in more integrated settings. At this time, there is a motion for class certification on hold pending ruling of petitions to intervene.

Perkins v. Richards is a wrongful death and survival action brought by the estate of the mother of a former Choate Mental Health and Developmental Center resident, against a Choate physician alleging negligent release of the resident who within hours of release, stabbed his mother to death. It is anticipated that a Motion for Summary Judgment will be filed on behalf of the physician.

Poole v. Khadri is a personal injury lawsuit brought by the wife of a mental health recipient who was discharged from Tinley Park Mental Health Center and within hours of his release shot the plaintiff and himself. Although no trial date has been set, trial is expected to commence in the second half of FY06.

Porrata v. Malis is a professional negligence action brought by the estate of a former resident at Chicago Read Mental Health Center as a result of injuries sustained by the resident who tried to

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commit suicide by hanging himself in a Read bathroom. The resident is now in a persistent vegetative state. Currently motions are pending to dismiss two of the employee defendants and it is still in discovery phase.

Internal Revenue Service Audit (Tax years 2000/2001). This matter concerns the DHS classification of certain individuals within the Department as independent contractors as opposed to employees. The IRS alleges that the Department faces potential tax liability for an alleged "misclassification" of these employees. No final IRS determination has been issued, but one is anticipated within FY06. It is very likely that a penalty will be assessed against DHS. Attempts are being made to minimize the size of the penalty. IRS Tax Examination Reports issued on March 22, 2005 estimated the total tax and penalties for tax years 2000 and 2001 to be \$3.9 million. This assessment is not final and could substantially vary depending on the course of action taken by DHS which as yet is undetermined.

In addition, the Department has been named as a defendant in several other lawsuits relating to the operation of its facilities. While the Department has denied these allegations, the Department's attorneys have determined that possible losses, in presently indeterminable amounts, may arise from these actions.

(13) Subsequent Event

On September 29, 2005, the Department of Central Management Services and the Department entered into an agreement to sell the George A. Zeller Mental Health Center to Illinois Central College for \$5.4 million. The sale was finalized on November 1, 2005.

(14) Restatement

The fund balances of the General Fund and the Community Mental Health Medicaid Trust and DHS Recoveries Trust Fund, formerly nonmajor governmental funds, have been restated for the reclassification of funds as subaccounts of the General Fund. In addition, the effect of unrecorded receivables, and their availability, on the net assets of the governmental activities and the fund balance of the Early Intervention Services Revolving Fund was restated. The effects of these restatements are as follows:

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Notes to Financial Statements

June 30, 2005

	<u>Governmental Activities</u>	<u>General</u>	<u>Other Nonmajor Governmental Funds</u>
Fund Balance/Net Assets, June 30, 2004, as previously reported	\$ 261,744	\$ (14,632)	\$ 23,227
Reclassification of Fund Balance:			
Community Mental Health Medicaid Trust Fund	-	82	(82)
DHS Recoveries Trust Fund	-	1,500	(1,500)
Restatement of Fund Balance/Net Assets:			
Early Intervention Services Revolving Fund	<u>24,020</u>	<u>-</u>	<u>8,416</u>
Fund Balance/Net Assets, June 30, 2004, as restated	<u>\$ 285,764</u>	<u>\$ (13,050)</u>	<u>\$ 30,061</u>

SUPPLEMENTARY INFORMATION

State of Illinois
Department of Human Services

Combining Schedule of Accounts -
General Fund

June 30, 2005 (Expressed in Thousands)

	General Revenue 0001	Community MH/DD Services Provider Participation Fee 0325	Care Provider Fund for Persons with Developmental Disabilities 0344	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
ASSETS							
Unexpended appropriations	\$ 179,640	\$ -	\$ 724	\$ -	\$ -	\$ -	\$ 180,364
Cash equity with State Treasurer	86	46	-	2,609	5,837	-	8,578
Cash and cash equivalents	214	-	-	-	-	-	214
Due from other government - federal	99,203	-	-	19,040	-	-	118,243
Due from other government - local	2,742	-	-	-	-	-	2,742
Other receivables, net	2,334	-	-	19	22,342	-	24,695
Due from other Department funds	4,812	-	-	-	-	(4,809)	3
Due from other State funds	71	-	-	-	-	-	71
Inventories	11,433	-	-	-	-	-	11,433
Total assets	\$ 300,535	\$ 46	\$ 724	\$ 21,668	\$ 28,179	\$ (4,809)	\$ 346,343
LIABILITIES							
Accounts payable and accrued liabilities	\$ 234,057	\$ -	\$ 5,481	\$ 18,930	\$ 546	\$ -	\$ 259,014
Due to other government - federal	2,114	-	-	-	1,617	-	3,731
Due to other government - local	11,992	-	-	98	-	-	12,090
Due to other Department fiduciary funds	2	-	-	-	-	-	2
Due to other State fiduciary funds	4,822	-	-	-	18	-	4,840
Due to other Department funds	26	-	-	-	4,809	(4,809)	26
Due to other State funds	9,256	-	-	12	297	-	9,565
Due to State of Illinois component units	2,158	-	-	-	-	-	2,158
Unavailable revenue	34,488	-	-	4,024	20,892	-	59,404
Deferred revenue	23,057	-	-	-	-	-	23,057
Total liabilities	321,972	-	5,481	23,064	28,179	(4,809)	373,887
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	1,113	-	-	-	-	-	1,113
Inventories	11,433	-	-	-	-	-	11,433
Unreserved	(33,983)	46	(4,757)	(1,396)	-	-	(40,090)
Total fund balances (deficits)	(21,437)	46	(4,757)	(1,396)	-	-	(27,544)
Total liabilities and fund balances (deficits)	\$ 300,535	\$ 46	\$ 724	\$ 21,668	\$ 28,179	\$ (4,809)	\$ 346,343

State of Illinois

Department of Human Services

Combining Schedule of Revenues,
Expenditures and Changes in Fund Balance -
General Fund

For the Year Ended June 30, 2005 (Expressed in Thousands)

	General Revenue 0001	Community MH/DD Services Provider Participation Fee 0325	Care Provider Fund for Persons with Developmental Disabilities 0344	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
REVENUES							
Federal operating grants	\$ 711,190	\$ -	\$ -	\$ 74,312	\$ -	\$ -	\$ 785,502
Licenses and fees	43	-	-	-	-	-	43
Interest and investment income	-	1	-	119	-	-	120
Other revenues	3,201	-	-	-	-	-	3,201
Other charges for services	185	-	-	-	3,672	(3,672)	185
Other operating grants	12,458	-	-	-	-	-	12,458
Total revenues	727,077	1	-	74,431	3,672	(3,672)	801,509
EXPENDITURES							
Health and social services	3,722,836	-	34,538	89,909	3,838	(3,672)	3,847,449
Debt service - principal	188	-	-	-	-	-	188
Debt service - interest	17	-	-	-	-	-	17
Capital outlays	1,202	-	-	-	-	-	1,202
Total expenditures	3,724,243	-	34,538	89,909	3,838	(3,672)	3,848,856
Excess (deficiency) of revenues over (under) expenditures	(2,997,166)	1	(34,538)	(15,478)	(166)	-	(3,047,347)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	3,778,970	-	36,000	-	-	-	3,814,970
Lapsed appropriations	(32,017)	-	(19)	-	-	-	(32,036)
Receipts collected and transmitted to State Treasury	(609,769)	-	-	-	-	-	(609,769)
Net change in liabilities for reappropriated accounts	(4,203)	-	-	-	-	-	(4,203)
Amount of SAMS transfers-in	(79,034)	-	-	-	-	-	(79,034)
Amount of SAMS transfers-out	4,329	-	-	-	-	-	4,329
Transfers-in	219	-	-	14,000	-	-	14,219
Transfers-out	(74,353)	-	-	-	(1,334)	-	(75,687)
Capital lease and installment purchase financing	64	-	-	-	-	-	64
Net other sources (uses) of financial resources	2,984,206	-	35,981	14,000	(1,334)	-	3,032,853
Net change in fund balances	(12,960)	1	1,443	(1,478)	(1,500)	-	(14,494)
Fund balances (deficits), July 1, 2004, as restated	(8,477)	45	(6,200)	82	1,500	-	(13,050)
FUND BALANCES (DEFICITS), JUNE 30, 2005	\$ (21,437)	\$ 46	\$ (4,757)	\$ (1,396)	\$ -	\$ -	\$ (27,544)

State of Illinois
Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

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	Special Revenue					
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Group Home Loan Revolving 0025	Illinois Veterans' Rehabilitation 0036	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100
ASSETS						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	399	-	1,039	2,109	9,762	406
Cash and cash equivalents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from other government - federal	7,122	-	-	6,823	14,555	-
Due from other government - local	-	-	-	-	-	-
Taxes receivable, net	-	-	-	384	-	-
Other receivables, net	-	-	-	494	452	-
Due from other Department funds	-	-	-	-	-	-
Due from other State funds	-	-	-	161	-	9
Inventories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 7,521	\$ -	\$ 1,039	\$ 9,971	\$ 24,769	\$ 415
LIABILITIES						
Accounts payable and accrued liabilities	\$ 6,698	\$ -	\$ 193	\$ 888	\$ 8,086	\$ -
Due to other government - federal	5	-	4	6	103	-
Due to other government - local	407	-	9	-	351	-
Due to other State fiduciary funds	12	-	9	31	245	-
Due to other Department funds	-	-	-	-	-	-
Due to other State funds	205	-	11	1,322	5,343	-
Due to State of Illinois component units	194	-	10	42	130	-
Unavailable revenue	-	-	-	2,461	23	-
Deferred revenue	-	-	-	-	1,673	-
Total liabilities	7,521	-	236	4,750	15,954	-
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	-	-	24	1	5	-
Inventories	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unreserved, undesignated	-	-	779	5,220	8,810	415
Total fund balances (deficits)	-	-	803	5,221	8,815	415
Total liabilities and fund balances (deficits)	\$ 7,521	\$ -	\$ 1,039	\$ 9,971	\$ 24,769	\$ 415

State of Illinois

Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

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	Special Revenue					
	Youth Alcoholism and Substance Abuse Prevention 0128	Drunk and Drugged Driving Prevention 0276	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389
ASSETS						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	5	139	872	571	573	42
Cash and cash equivalents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Due from other government - federal	-	-	186	577	-	-
Due from other government - local	-	-	-	-	347	2
Taxes receivable, net	-	-	-	-	-	-
Other receivables, net	-	-	1	-	-	-
Due from other Department funds	-	-	-	-	-	-
Due from other State funds	150	151	-	-	-	-
Inventories	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 155	\$ 290	\$ 1,059	\$ 1,148	\$ 920	\$ 44
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ 176	\$ 144	\$ 119	\$ 221	\$ 24
Due to other government - federal	-	1	-	-	-	-
Due to other government - local	-	5	25	-	-	-
Due to other State fiduciary funds	-	6	1	-	-	-
Due to other Department funds	-	-	-	-	-	-
Due to other State funds	-	3	22	-	-	-
Due to State of Illinois component units	-	7	181	384	-	-
Unavailable revenue	-	-	89	2	-	-
Deferred revenue	-	-	686	645	-	-
Total liabilities	-	198	1,148	1,150	221	24
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unreserved, undesignated	155	92	(89)	(2)	699	20
Total fund balances (deficits)	155	92	(89)	(2)	699	20
Total liabilities and fund balances (deficits)	\$ 155	\$ 290	\$ 1,059	\$ 1,148	\$ 920	\$ 44

State of Illinois

Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

131

	Special Revenue						
	DHS Special Purposes Trust 0408	DHS/State Projects 0448	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	Multiple Sclerosis Assistance 0604
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	21,893	14	71	329	34	1,542	112
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	6,492	-	4,561	28,890	-	837	-
Due from other government - local	-	-	-	-	1	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	1	-	-	502	-	30	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	51	-	-	16	-	-	5
Inventories	-	-	226	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ 28,437	\$ 14	\$ 4,858	\$ 29,737	\$ 35	\$ 2,409	\$ 117
LIABILITIES							
Accounts payable and accrued liabilities	\$ 13,320	\$ -	\$ 2,374	\$ 13,705	\$ -	\$ 429	\$ -
Due to other government - federal	14	-	84	2	-	2	-
Due to other government - local	186	-	3	58	-	69	-
Due to other State fiduciary funds	33	-	199	5	-	3	-
Due to other Department funds	-	-	-	-	-	89	-
Due to other State funds	777	-	1,972	60	-	22	-
Due to State of Illinois component units	1,047	-	-	70	-	63	-
Unavailable revenue	344	-	-	6,783	-	378	-
Deferred revenue	9,090	14	-	1,306	-	1,001	-
Total liabilities	24,811	14	4,632	21,989	-	2,056	-
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	3	-	-	-	-	-	-
Inventories	-	-	226	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	3,623	-	-	7,748	35	353	117
Total fund balances (deficits)	3,626	-	226	7,748	35	353	117
Total liabilities and fund balances (deficits)	\$ 28,437	\$ 14	\$ 4,858	\$ 29,737	\$ 35	\$ 2,409	\$ 117

State of Illinois
Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

Special Revenue

	State Projects 0642	Alcoholism and Substance Abuse 0646	Homeless Prevention 0672	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Tobacco Settlement Recovery 0733	Local Initiative 0762
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122	\$ -
Cash equity with State Treasurer	6	131	4	203	2,926	-	7,273
Cash and cash equivalents	-	-	-	-	2,149	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	-	1,908	-	-	-	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	2	-	-	11,211	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	-	-	4	-	-	-
Inventories	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ 6	\$ 2,041	\$ 4	\$ 207	\$ 16,286	\$ 122	\$ 7,273
LIABILITIES							
Accounts payable and accrued liabilities	\$ -	\$ 1,671	\$ -	\$ 1	\$ 8,713	\$ 88	\$ 2,052
Due to other government - federal	-	1	-	-	7	-	1
Due to other government - local	-	-	-	-	1,686	9	412
Due to other State fiduciary funds	-	1	-	-	17	-	3
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	6	2	-	-	438	-	39
Due to State of Illinois component units	-	278	-	-	7	25	101
Unavailable revenue	-	77	-	-	-	-	-
Deferred revenue	-	88	-	206	5,418	-	4,665
Total liabilities	6	2,118	-	207	16,286	122	7,273
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	-	5	-	-	42	-	-
Inventories	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	-	(82)	4	-	(42)	-	-
Total fund balances (deficits)	-	(77)	4	-	-	-	-
Total liabilities and fund balances (deficits)	\$ 6	\$ 2,041	\$ 4	\$ 207	\$ 16,286	\$ 122	\$ 7,273

State of Illinois
Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

133

	Special Revenue						
	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Preventive Health and Health Services Block Grant 0873	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911
ASSETS							
Unexpended appropriations	\$ -	\$ -	\$ 3,395	\$ 230	\$ -	\$ -	\$ -
Cash equity with State Treasurer	423	467	-	-	219	24	664
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	-	-	4,021	1,486	-	-	93
Due from other government - local	-	42	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Due from other Department funds	89	-	-	-	-	-	-
Due from other State funds	54	-	-	-	-	-	15
Inventories	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ 566	\$ 509	\$ 7,416	\$ 1,716	\$ 219	\$ 24	\$ 772
LIABILITIES							
Accounts payable and accrued liabilities	\$ 92	\$ 185	\$ 714	\$ 230	\$ 58	\$ 83	\$ 429
Due to other government - federal	1	-	6	-	3	-	-
Due to other government - local	-	-	2,024	-	-	-	-
Due to other State fiduciary funds	3	-	12	-	4	-	1
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	31	29	17	-	65	-	33
Due to State of Illinois component units	-	37	606	-	-	-	-
Unavailable revenue	-	-	-	1,182	-	-	-
Deferred revenue	-	-	817	-	89	-	309
Total liabilities	127	251	4,196	1,412	219	83	772
FUND BALANCES (DEFICITS)							
Reserved for:							
Encumbrances	1	-	16	-	-	-	-
Inventories	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	438	258	3,204	304	-	(59)	-
Total fund balances (deficits)	439	258	3,220	304	-	(59)	-
Total liabilities and fund balances (deficits)	\$ 566	\$ 509	\$ 7,416	\$ 1,716	\$ 219	\$ 24	\$ 772

State of Illinois
Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

Special Revenue

	DHS Other Special Trusts 1139	DHS Commissary Funds 1140	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245	ICRE-R School Store 1362
ASSETS						
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	-	-	-	-	-
Cash and cash equivalents	869	14	85	140	-	1
Investments	1,137	-	-	25	-	-
Due from other government - federal	52	-	-	-	-	-
Due from other government - local	138	-	-	77	-	-
Taxes receivable, net	-	-	-	-	-	-
Other receivables, net	3	-	18	-	-	-
Due from other Department funds	-	-	21	153	-	-
Due from other State funds	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Other assets	-	-	-	-	186	-
Total assets	\$ 2,199	\$ 14	\$ 124	\$ 395	\$ 186	\$ 1
LIABILITIES						
Accounts payable and accrued liabilities	\$ -	\$ 1	\$ 16	\$ -	\$ -	\$ -
Due to other government - federal	-	-	-	-	-	-
Due to other government - local	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-
Due to other Department funds	-	3	-	-	-	-
Due to other State funds	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-
Deferred revenue	-	3	-	-	186	-
Total liabilities	-	7	16	-	186	-
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unreserved, undesignated	2,199	7	108	395	-	1
Total fund balances (deficits)	2,199	7	108	395	-	1
Total liabilities and fund balances (deficits)	\$ 2,199	\$ 14	\$ 124	\$ 395	\$ 186	\$ 1

State of Illinois
Department of Human Services

Combining Balance Sheet -
Non-major Governmental Funds

June 30, 2005 (Expressed in Thousands)

135

	<u>Permanent</u>		
	DHS/DORS Permanent		
	Trust 1150	Burr Bequest 1272	Total
ASSETS			
Unexpended appropriations	\$ -	\$ -	\$ 3,747
Cash equity with State Treasurer	-	-	52,252
Cash and cash equivalents	91	36	3,385
Investments	229	945	2,336
Due from other government - federal	-	-	77,603
Due from other government - local	-	-	607
Taxes receivable, net	-	-	384
Other receivables, net	-	2	12,716
Due from other Department funds	-	-	263
Due from other State funds	-	-	616
Inventories	-	-	226
Other assets	-	-	186
Total assets	\$ 320	\$ 983	\$ 154,321
LIABILITIES			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 60,710
Due to other government - federal	-	-	240
Due to other government - local	-	-	5,244
Due to other State fiduciary funds	-	-	585
Due to other Department funds	148	-	240
Due to other State funds	-	-	10,397
Due to State of Illinois component units	-	-	3,182
Unavailable revenue	-	-	11,339
Deferred revenue	-	-	26,196
Total liabilities	148	-	118,133
FUND BALANCES (DEFICITS)			
Reserved for:			
Encumbrances	-	-	97
Inventories	-	-	226
Other	172	945	1,117
Unreserved, undesignated	-	38	34,748
Total fund balances (deficits)	172	983	36,188
Total liabilities and fund balances (deficits)	\$ 320	\$ 983	\$ 154,321

State of Illinois

Department of Human Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

136

	Special Revenue					
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	Group Home Loan Revolving 0025	Illinois Veterans' Rehabilitation 0036	Mental Health 0050	Vocational Rehabilitation 0081	Assistance to the Homeless 0100
REVENUES						
Federal operating grants	\$ 66,393	\$ -	\$ -	\$ -	\$ 102,350	\$ -
Licenses and fees	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-
Other charges for services	-	-	-	22,722	145	-
Other taxes	-	-	-	1,874	-	-
Other	-	-	-	268	4,504	-
Total revenues	66,393	-	-	24,864	106,999	-
EXPENDITURES						
Health and social services	66,434	-	4,035	24,971	105,987	294
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
Capital outlays	-	-	-	-	325	-
Total expenditures	66,434	-	4,035	24,971	106,312	294
Excess (deficiency) of revenues over (under) expenditures	(41)	-	(4,035)	(107)	687	(294)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Proceeds from capital lease financing	-	-	-	-	-	-
Transfers-in	93	-	4,329	3	-	187
Transfers-out	(52)	(93)	(411)	(2,350)	-	-
Net other sources (uses) of financial resources	41	(93)	3,918	(2,347)	-	187
Net change in fund balances	-	(93)	(117)	(2,454)	687	(107)
Fund balances (deficits), July 1, 2004, as restated	-	93	920	7,675	8,128	522
FUND BALANCES (DEFICITS), JUNE 30, 2005	\$ -	\$ -	\$ 803	\$ 5,221	\$ 8,815	\$ 415

State of Illinois
Department of Human Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

137

	Special Revenue					
	Youth Alcoholism and Substance Abuse Prevention 0128	Drunk and Drugged Driving Prevention 0276	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368	Sexual Assault Services 0389
REVENUES						
Federal operating grants	\$ -	\$ -	\$ 4,987	\$ 16,854	\$ -	\$ -
Licenses and fees	-	1,858	-	-	-	-
Interest and investment income	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Other	-	-	-	-	4,145	25
Total revenues	-	1,858	4,987	16,854	4,145	25
EXPENDITURES						
Health and social services	934	1,885	4,955	16,856	5,000	24
Debt service - principal	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-
Total expenditures	934	1,885	4,955	16,856	5,000	24
Excess (deficiency) of revenues over (under) expenditures	(934)	(27)	32	(2)	(855)	1
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Proceeds from capital lease financing	-	-	-	-	-	-
Transfers-in	1,036	-	-	-	-	-
Transfers-out	(57)	(414)	-	-	(283)	-
Net other sources (uses) of financial resources	979	(414)	-	-	(283)	-
Net change in fund balances	45	(441)	32	(2)	(1,138)	1
Fund balances (deficits), July 1, 2004, as restated	110	533	(121)	-	1,837	19
FUND BALANCES (DEFICITS), JUNE 30, 2005	\$ 155	\$ 92	\$ (89)	\$ (2)	\$ 699	\$ 20

State of Illinois
Department of Human Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

Special Revenue

	DHS Special Purposes Trust 0408	DHS/State Projects 0448	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592	Multiple Sclerosis Assistance 0604
REVENUES							
Federal operating grants	\$ 165,921	\$ -	\$ 63,452	\$ 61,783	\$ -	\$ 18,186	\$ -
Licenses and fees	-	-	-	3,123	-	-	-
Interest and investment income	-	-	-	135	-	-	-
Other charges for services	-	-	-	-	-	1	-
Other taxes	-	-	-	-	-	-	-
Other	4,362	-	-	62	13	-	-
Total revenues	170,283	-	63,452	65,103	13	18,187	-
EXPENDITURES							
Health and social services	164,940	-	63,281	117,620	-	18,057	163
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	66	-	101	-	-	-	-
Total expenditures	165,006	-	63,382	117,620	-	18,057	163
Excess (deficiency) of revenues over (under) expenditures	5,277	-	70	(52,517)	13	130	(163)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Proceeds from capital lease financing	-	-	-	-	-	-	-
Transfers-in	-	-	-	61,192	-	-	124
Transfers-out	(22)	-	-	(3,887)	-	-	-
Net other sources (uses) of financial resources	(22)	-	-	57,305	-	-	124
Net change in fund balances	5,255	-	70	4,788	13	130	(39)
Fund balances (deficits), July 1, 2004, as restated	(1,629)	-	156	2,960	22	223	156
FUND BALANCES (DEFICITS), JUNE 30, 2005	\$ 3,626	\$ -	\$ 226	\$ 7,748	\$ 35	\$ 353	\$ 117

State of Illinois

Department of Human Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

139

	Special Revenue						
	State Projects 0642	Alcoholism and Substance Abuse 0646	Homeless Prevention 0672	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Tobacco Settlement Recovery 0733	Local Initiative 0762
REVENUES							
Federal operating grants	\$ -	\$ 8,286	\$ -	\$ -	\$ 189,417	\$ -	\$ 21,525
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	11	-	-
Other charges for services	-	165	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Other	21	-	2	167	-	-	-
Total revenues	21	8,451	2	167	189,428	-	21,525
EXPENDITURES							
Health and social services	-	7,791	-	167	189,428	2,229	21,525
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	-	7,791	-	167	189,428	2,229	21,525
Excess (deficiency) of revenues over (under) expenditures	21	660	2	-	-	(2,229)	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	2,250	-
Lapsed appropriations	-	-	-	-	-	(37)	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Proceeds from capital lease financing	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	(211)	-	-	-	-	-	-
Net other sources (uses) of financial resources	(211)	-	-	-	-	2,213	-
Net change in fund balances	(190)	660	2	-	-	(16)	-
Fund balances (deficits), July 1, 2004, as restated	190	(737)	2	-	-	16	-
FUND BALANCES (DEFICITS), JUNE 30, 2005	\$ -	\$ (77)	\$ 4	\$ -	\$ -	\$ -	\$ -

State of Illinois
Department of Human Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

140

	Special Revenue						
	Rehabilitation Services Elementary and Secondary Education Act 0798	Domestic Violence Shelter and Service 0865	Maternal and Child Health Services Block Grant 0872	Preventive Health and Health Services Block Grant 0873	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911
REVENUES							
Federal operating grants	\$ 668	\$ -	\$ 20,943	\$ 461	\$ 17,048	\$ -	\$ 7,421
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Other	12	443	-	-	-	422	-
Total revenues	680	443	20,943	461	17,048	422	7,421
EXPENDITURES							
Health and social services	577	954	20,796	305	17,048	478	7,384
Debt service - principal	8	-	-	-	-	-	-
Debt service - interest	1	-	-	-	-	-	-
Capital outlays	30	-	-	-	-	-	-
Total expenditures	616	954	20,796	305	17,048	478	7,384
Excess (deficiency) of revenues over (under) expenditures	64	(511)	147	156	-	(56)	37
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	28,227	1,555	-	-	-
Lapsed appropriations	-	-	(7,390)	(1,250)	-	-	-
Receipts collected and transmitted to State Treasury	-	-	(21,627)	(157)	-	-	-
Proceeds from capital lease financing	-	-	-	-	-	-	-
Transfers-in	-	1	-	-	-	-	-
Transfers-out	-	(33)	-	-	-	(31)	-
Net other sources (uses) of financial resources	-	(32)	(790)	148	-	(31)	-
Net change in fund balances	64	(543)	(643)	304	-	(87)	37
Fund balances (deficits), July 1, 2004, as restated	375	801	3,863	-	-	28	(37)
FUND BALANCES (DEFICITS), JUNE 30, 2005	\$ 439	\$ 258	\$ 3,220	\$ 304	\$ -	\$ (59)	\$ -

State of Illinois

Department of Human Services

Combining Statement of Revenues,
Expenditures and Changes in Fund Balance -
Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

141

	Special Revenue					
	DHS Other Special Trusts 1139	DHS Commissary Funds 1140	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149	Food Stamp and Commodity 1245	ICRE-R School Store 1362
REVENUES						
Federal operating grants	\$ 282	\$ -	\$ -	\$ 1	\$ 1,366,511	\$ -
Licenses and fees	-	-	-	11	-	-
Interest and investment income	28	-	-	-	-	-
Other charges for services	-	70	-	-	-	7
Other taxes	-	-	-	-	-	-
Other	1,097	-	397	267	-	-
Total revenues	<u>1,407</u>	<u>70</u>	<u>397</u>	<u>279</u>	<u>1,366,511</u>	<u>7</u>
EXPENDITURES						
Health and social services	1,431	58	392	293	1,366,511	7
Debt service - principal	-	-	6	-	-	-
Debt service - interest	-	-	-	-	-	-
Capital outlays	49	-	-	8	-	-
Total expenditures	<u>1,480</u>	<u>58</u>	<u>398</u>	<u>301</u>	<u>1,366,511</u>	<u>7</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(73)</u>	<u>12</u>	<u>(1)</u>	<u>(22)</u>	<u>-</u>	<u>-</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-
Proceeds from capital lease financing	-	-	-	-	-	-
Transfers-in	-	-	-	154	-	-
Transfers-out	-	(16)	(9)	-	-	-
Net other sources (uses) of financial resources	<u>-</u>	<u>(16)</u>	<u>(9)</u>	<u>154</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(73)</u>	<u>(4)</u>	<u>(10)</u>	<u>132</u>	<u>-</u>	<u>-</u>
Fund balances (deficits), July 1, 2004, as restated	2,272	11	118	263	-	1
FUND BALANCES (DEFICITS), JUNE 30, 2005	<u>\$ 2,199</u>	<u>\$ 7</u>	<u>\$ 108</u>	<u>\$ 395</u>	<u>\$ -</u>	<u>\$ 1</u>

State of Illinois
 Department of Human Services

Combining Statement of Revenues,
 Expenditures and Changes in Fund Balance -
 Non-major Governmental Funds

For the Year Ended June 30, 2005 (Expressed in Thousands)

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	<u>Permanent</u>		
	DHS/DORS		
	Trust 1150	Burr Bequest 1272	Total
REVENUES			
Federal operating grants	\$ -	\$ -	\$ 2,132,489
Licenses and fees	-	-	4,992
Interest and investment income	17	20	211
Other charges for services	-	-	23,110
Other taxes	-	-	1,874
Other	-	-	16,207
Total revenues	<u>17</u>	<u>20</u>	<u>2,178,883</u>
EXPENDITURES			
Health and social services	9	10	2,232,829
Debt service - principal	-	-	14
Debt service - interest	-	-	1
Capital outlays	-	-	579
Total expenditures	<u>9</u>	<u>10</u>	<u>2,233,423</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8</u>	<u>10</u>	<u>(54,540)</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	-	-	32,032
Lapsed appropriations	-	-	(8,677)
Receipts collected and transmitted to State Treasury	-	-	(21,784)
Proceeds from capital lease financing	-	-	-
Transfers-in	-	-	67,119
Transfers-out	(154)	-	(8,023)
Net other sources (uses) of financial resources	<u>(154)</u>	<u>-</u>	<u>60,667</u>
Net change in fund balances	<u>(146)</u>	<u>10</u>	<u>6,127</u>
Fund balances (deficits), July 1, 2004, as restated	318	973	30,061
FUND BALANCES (DEFICITS), JUNE 30, 2005	<u>\$ 172</u>	<u>\$ 983</u>	<u>\$ 36,188</u>

State of Illinois
Department of Human Services

**Combining Statement of Fiduciary Net Assets -
Agency Funds**

June 30, 2005 (Expressed in Thousands)

143

	<u>Agency</u>			
	Electronic Benefits Transfers 0540	DHS Resident's Trust 1143	DHS/DORS Agency 1147	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,021	\$ 23	\$ 1,044
Investments	-	1,260	-	1,260
Due from other government - federal	-	7	-	7
Other receivables, net	-	6	2	8
Due from other Department funds	-	-	2	2
Total assets	<u>\$ -</u>	<u>\$ 2,294</u>	<u>\$ 27</u>	<u>\$ 2,321</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ -	\$ 2,294	\$ 27	\$ 2,321
Total liabilities	<u>\$ -</u>	<u>\$ 2,294</u>	<u>\$ 27</u>	<u>\$ 2,321</u>

State of Illinois
Department of Human Services

**Combining Statement of Changes in Assets and Liabilities -
Agency Funds**

For the Year Ended June 30, 2005 (Expressed in Thousands)

	Balance at June 30, 2004	Additions	Deletions	Balance at June 30, 2005
Electronic Benefits Transfers (0540)				
ASSETS				
Cash equity with State Treasurer	\$ -	\$ 164,945	\$ 164,945	\$ -
Total assets	\$ -	\$ 164,945	\$ 164,945	\$ -
LIABILITIES				
Other liabilities	\$ -	\$ 164,945	\$ 164,945	\$ -
Total liabilities	\$ -	\$ 164,945	\$ 164,945	\$ -
DHS Resident's Trust (1143)				
ASSETS				
Cash and cash equivalents	\$ 1,134	\$ 16,710	\$ 16,823	\$ 1,021
Investments	1,259	151	150	1,260
Due from other government - federal	41	7	41	7
Other receivables, net	4	6	4	6
Total assets	\$ 2,438	\$ 16,874	\$ 17,018	\$ 2,294
LIABILITIES				
Accounts payable and accrued liabilities	\$ 5	\$ 16,874	\$ 14,585	\$ 2,294
Other liabilities	2,433	-	2,433	-
Total liabilities	\$ 2,438	\$ 16,874	\$ 17,018	\$ 2,294
DHS/DORS Agency (1147)				
ASSETS				
Cash and cash equivalents	\$ 14	\$ 270	\$ 261	\$ 23
Other receivables, net	2	2	2	2
Due from other Department funds	3	2	3	2
Total assets	\$ 19	\$ 274	\$ 266	\$ 27
LIABILITIES				
Accounts payable and accrued liabilities	\$ 19	\$ 274	\$ 266	\$ 27
Total liabilities	\$ 19	\$ 274	\$ 266	\$ 27
Total - All Agency Funds				
ASSETS				
Cash equity with State Treasurer	\$ -	\$ 164,945	\$ 164,945	\$ -
Cash and cash equivalents	1,148	16,980	17,084	1,044
Investments	1,259	151	150	1,260
Due from other government - federal	41	7	41	7
Other receivables, net	6	8	6	8
Due from other Department funds	3	2	3	2
Total assets	\$ 2,457	\$ 182,093	\$ 182,229	\$ 2,321
LIABILITIES				
Accounts payable and accrued liabilities	\$ 24	\$ 17,148	\$ 14,851	\$ 2,321
Other liabilities	2,433	164,945	167,378	-
Total liabilities	\$ 2,457	\$ 182,093	\$ 182,229	\$ 2,321

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliances presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards

- Year Ended June 30, 2005 (Schedule 1)

- Year Ended June 30, 2004 (Schedule 2)

- Notes to Schedules of Expenditures of Federal Awards

- Schedule of Appropriations, Expenditures and Lapsed Balances

- Fiscal Year 2005 (Schedule 3)

- Fiscal Year 2004 (Schedule 4)

- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances – (Schedule 5)

- Comparative Schedule of Expenditures by Major Object Code – (Schedule 6)

- Schedule of Efficiency Initiative Payments – (Schedule 7)

- Schedule of Changes in State Property – (Schedule 8)

- Comparative Schedule of Cash Receipts – (Schedule 9)

- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller – (Schedule 10)

- Notes on Financial Related Data

- Introduction

- Explanation of Significant Variations in Expenditures

- Explanation of Significant Variations in Cash Receipts

- Analysis of Significant Lapse Period Spending

- Analysis of Changes in State Property

- Analysis of Accounts Receivable

- Analysis of Indirect Cost Reimbursements

- Other Central Office Appropriations

- Analysis of Operations:

- Department Functions and Planning Program

- Schedule of Number of Employees

- Analysis of Employee Overtime

- Emergency Purchases

- Year Ended June 30, 2005

- Year Ended June 30, 2004

- Illinois First Projects

- Service Efforts and Accomplishments (Unaudited)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2005
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Food Stamps	10.551	\$ 1,353,639	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	183,447	175,139
State Administrative Matching Grants for Food Stamp Program	10.561	86,072	10,490
Commodity Supplemental Food Program	10.565	4,964	4,957
Emergency Food Assistance Program (Administration Costs)	10.568	2,607	2,233
Emergency Food Assistance Program (Food Commodities)	10.569	12,872	12,872
WIC Farmers' Market Nutrition Program	10.572	235	235
Senior Farmers' Market Nutrition Program	10.576	777	777
Passed Through the Illinois State Board of Education:			
School Breakfast Program	10.553	77	-
National School Lunch Program	10.555	150	-
Total U.S. Department of Agriculture		<u>1,644,840</u>	<u>206,703</u>
<u>U.S. Department of Commerce</u>			
Direct Programs:			
Technology Opportunities	11.552	<u>57</u>	<u>-</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	5,339	5,101
Title V - Delinquency Prevention Program	16.548	808	808
Part E - State Challenge Activities	16.549	762	761
Enforcing Underage Drinking Laws Program	16.727	<u>474</u>	<u>269</u>
Total U.S. Department of Justice		<u>7,383</u>	<u>6,939</u>
<u>U.S. Department of Labor</u>			
Direct Programs:			
Employment and Training			
Administration Pilots, Demonstrations, and Research Projects	17.261	229	229
Employment and Training Administration Evaluations	17.262	70	70
Passed Through the Illinois Department of Employment Security:			
Welfare-to-Work Grants to States and Localities	17.253	(41)	-
Passed Through the Illinois State Board of Education:			
Youth Opportunity Grant	17.263	<u>127</u>	<u>125</u>
Total U.S. Department of Labor		<u>385</u>	<u>424</u>

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2005
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>U.S. Department of Education</u>			
Direct Programs:			
Special Education - Grants to States	84.027	\$ 53	\$ -
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	94,971	23,746
Rehabilitation Services - Client Assistance Program	84.161	463	-
Independent Living - State Grants	84.169	726	726
Special Education - Preschool Grants	84.173	37	-
Rehabilitation Services - Independent			
Living Services for Older Individuals Who are Blind	84.177	1,521	1,224
Special Education - Grants for Infants and Families with Disabilities	84.181	23,794	8,885
Safe and Drug-Free Schools and Communities - State Grants	84.186	2,015	2,014
Supported Employment Services for Individuals with Severe Disabilities	84.187	1,271	1,271
Assistive Technology	84.224	437	437
Tech-Prep Education	84.243	192	-
Rehabilitation Training - State			
Vocational Rehabilitation Unit In-Service Training	84.265	121	-
Passed Through the Illinois State Board of Education:			
Special Education - Grants to States	84.027	409	-
Special Education - Preschool Grants	84.173	115	-
Safe and Drug-Free Schools and Communities - State Grants	84.186	1	-
Tech-Prep Education	84.243	31	-
Title III - English Language Acquisition	84.365	42	-
Improving Teacher Quality State Grants	84.367	4	-
Total U.S. Department of Education		<u>126,203</u>	<u>38,303</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Comprehensive Community Mental Health Services for Children with SED	93.104	2,969	2,969
Maternal and Child Health Federal Consolidated Programs	93.110	224	223
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2,102	2,102
Community Prevention Coalition Demonstration Act	93.194	(662)	-
Family Planning Services	93.217	8,329	7,341
Consolidated Knowledge Development and Application (KD&A) Program	93.230	4,700	3,245
Abstinence Education	93.235	1,740	1,643
Cooperative Agreements for State Treatment			
Outcomes and Performance Pilot Studies Enhancement	93.238	146	-
Substance Abuse and Mental			
Health Projects of Regional and National Significance	93.243	470	294
Universal Newborn Hearing Screening	93.251	128	113
Substance Abuse Mental Health Services - Access to Recovery	93.275	1,383	273
Temporary Assistance for Needy Families	93.558	513,795	238,830
Refugee and Entrant Assistance - State Administered Programs	93.566	5,244	2,626

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2005
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>U.S. Department of Health and Human Services - Continued</u>			
Direct Programs - Continued:			
Child Care and Development Block Grant	93.575	\$ 76,234	\$ 71,124
Refugee and Entrant Assistance - Discretionary Grants	93.576	394	394
Refugee and Entrant Assistance - Targeted Assistance	93.584	1,368	1,368
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	149,508	124,124
Head Start	93.600	3,060	2,502
Runaway and Homeless Youth	93.623	40	40
Social Services Research and Demonstration	93.647	326	144
Social Services Block Grant	93.667	87,826	37,974
Family Violence Prevention and Services Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	2,342	2,225
State Children's Insurance Program	93.767	3,801	-
Medical Assistance Program	93.778	107,038	-
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	324	302
Healthy Start Initiative	93.926	2,376	2,334
Block Grants for Community Mental Health Services	93.958	17,060	16,107
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	66,393	62,755
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	819	464
Preventive Health and Health Services Block Grant	93.991	305	305
Maternal and Child Health Services Block Grant to the States	93.994	19,088	16,635
Passed Through the Illinois State Board of Education:			
Refugee and Entrant Assistance - Discretionary Grants	93.576	555	555
Cooperative Agreements Support - Comprehensive School Health Program for the Prevention and Spread of HIV	93.938	20	-
Total U.S. Department of Health and Human Services		1,079,445	599,011
<u>Corporation for National and Community Service</u>			
Direct Programs:			
State Commissions	94.003	366	25
Learn and Serve America - School and Community Based Programs	94.004	379	322
AmeriCorps	94.006	3,889	3,889
Planning and Program Development Grants	94.007	499	216
Training and Technical Assistance	94.009	105	105
Total Corporation for National and Community Service		5,238	4,557

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2005
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>Social Security Administration</u>			
Direct Programs:			
Social Security Disability Insurance	96.001	\$ 66,301	\$ -
Social Security - Benefits Planning, Assistance and Outreach Program	96.008	623	44
Total Social Security Administration		<u>66,924</u>	<u>44</u>
Total Expenditures of Federal Awards		<u>\$ 2,930,475</u>	<u>\$ 855,981</u>

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2004
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>U.S. Department of Agriculture</u>			
Direct Programs:			
Food Stamps	10.551	\$ 1,169,118	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	174,071	168,224
State Administrative Matching Grants for Food Stamp Program	10.561	86,004	11,246
Commodity Supplemental Food Program	10.565	6,329	6,185
Emergency Food Assistance Program (Administration Costs)	10.568	2,557	2,200
Emergency Food Assistance Program (Food Commodities)	10.569	12,403	12,371
WIC Farmers' Market Nutrition Program	10.572	200	200
Senior Farmers' Market Nutrition Program	10.576	777	777
Passed Through the Illinois State Board of Education:			
School Breakfast Program	10.553	91	-
National School Lunch Program	10.555	171	-
Total U.S. Department of Agriculture		<u>1,451,721</u>	<u>201,203</u>
<u>U.S. Department of Commerce</u>			
Direct Programs:			
Technology Opportunities	11.552	<u>15</u>	<u>-</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	3,804	3,738
Title V - Delinquency Prevention Program	16.548	1,240	1,216
Part E - State Challenge Activities	16.549	463	462
Enforcing Underage Drinking Laws Program	16.727	333	333
Total U.S. Department of Justice		<u>5,840</u>	<u>5,749</u>
<u>U.S. Department of Labor</u>			
Direct Programs:			
Employment and Training Administration Evaluations	17.262	27	27
Work Incentives Grant	17.266	653	653
Passed Through the Illinois Department of Employment Security:			
Welfare-to-Work Grants to States and Localities	17.253	1,047	1,040
Passed Through the Illinois State Board of Education:			
Youth Opportunity Grant	17.263	137	137
Total U.S. Department of Housing and Urban Development		<u>1,864</u>	<u>1,857</u>

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2004
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>U.S. Department of Energy</u>			
Passed Through the Illinois Department of Commerce and Economic Opportunity:			
State Energy Program	81.041	\$ 1	\$ -
<u>U.S. Department of Education</u>			
Direct Programs:			
Special Education - Grants to States	84.027	55	-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	93,265	21,936
Rehabilitation Services - Client Assistance Program	84.161	505	-
Independent Living - State Grants	84.169	707	707
Special Education - Preschool Grants	84.173	37	-
Rehabilitation Services - Independent			
Living Services for Older Individuals Who are Blind	84.177	851	578
Special Education - Grants for Infants and Families with Disabilities	84.181	13,165	3,062
Safe and Drug-Free Schools and Communities - State Grants	84.186	1,471	1,471
Supported Employment Services for Individuals with Severe Disabilities	84.187	1,353	1,353
Assistive Technology	84.224	3,590	3,590
Rehabilitation Services Demonstration and Training Program	84.235	1,724	1,724
Tech-Prep Education	84.243	195	-
Rehabilitation Training - State			
Vocational Rehabilitation Unit In-Service Training	84.265	176	-
Passed Through the Illinois State Board of Education:			
Special Education - Grants to States	84.027	382	-
Special Education - Preschool Grants	84.173	136	-
Tech-Prep Education	84.243	37	-
Eisenhower Professional Development State Grants	84.281	1	-
Innovative Education Program Strategies	84.298	1	-
Improving Teacher Quality State Grants	84.367	6	-
Total U.S. Department of Education		<u>117,657</u>	<u>34,421</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Comprehensive Community Mental Health Services for Children with SED	93.104	1,500	1,500
Maternal and Child Health Federal Consolidated Programs	93.110	189	188
Ten State Performance Indicator Pilot Project	93.119	7	-
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1,854	1,854
Family Planning Services	93.217	7,631	6,889
Consolidated Knowledge Development and Application (KD&A) Program	93.230	3,377	2,168
Abstinence Education	93.235	1,868	1,778

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2004
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>U.S. Department of Health and Human Services - Continued</u>			
Direct Programs - Continued:			
Cooperative Agreements for State Treatment			
Outcomes and Performance Pilot Studies Enhancement	93.238	\$ 98	\$ -
Substance Abuse and Mental			
Health Projects of Regional and National Significance	93.243	42	-
Universal Newborn Hearing Screening	93.251	98	78
Temporary Assistance for Needy Families	93.558	427,982	76,909
Refugee and Entrant Assistance - State Administered Programs	93.566	7,075	3,106
Child Care and Development Block Grant	93.575	88,979	83,142
Refugee and Entrant Assistance - Discretionary Grants	93.576	676	676
Refugee and Entrant Assistance - Targeted Assistance	93.584	1,955	1,955
Child Care Mandatory and			
Matching Funds of the Child Care and Development Fund	93.596	126,814	105,750
Head Start	93.600	2,847	2,263
Runaway and Homeless Youth	93.623	102	102
Social Services Research and Demonstration	93.647	150	150
Social Services Block Grant	93.667	139,053	79,536
Family Violence Prevention and Services Grants for			
Battered Women's Shelters - Grants to States and Indian Tribes	93.671	3,102	2,838
Medical Assistance Program	93.778	99,561	-
Centers for Medicare and Medicaid			
Services (CMS) Research, Demonstrations and Evaluations	93.779	293	257
Healthy Start Initiative	93.926	2,285	2,159
Block Grants for Community Mental Health Services	93.958	16,071	15,637
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	64,128	60,713
Cooperative Agreements for State-Based Diabetes			
Control Programs and Evaluation of Surveillance Systems	93.988	768	457
Preventive Health and Health Services Block Grant	93.991	260	260
Maternal and Child Health Services Block Grant to the States	93.994	21,413	18,795
Passed Through the Illinois Department of Public Health:			
Injury Prevention and			
Control Research and State and Community Based Programs	93.136	908	908
Passed Through the Illinois State Board of Education:			
Refugee and Entrant Assistance - Discretionary Grants	93.576	680	667
Total U.S. Department of Health and Human Services		<u>1,021,766</u>	<u>470,735</u>

(Continued)

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
Schedule of Expenditures of Federal Awards
For the State Fiscal Year Ended June 30, 2004
(expressed in thousands)

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<u>Corporation for National and Community Service</u>			
Direct Programs:			
State Commissions	94.003	\$ 280	\$ 47
Learn and Serve America - School and Community Based Programs	94.004	169	165
AmeriCorps	94.006	2,981	2,981
Planning and Program Development Grants	94.007	170	170
Training and Technical Assistance	94.009	61	59
Total Corporation for National and Community Service		<u>3,661</u>	<u>3,422</u>
<u>Social Security Administration</u>			
Direct Programs:			
Social Security Disability Insurance	96.001	61,282	-
Social Security - Research and Demonstration	96.007	75	31
Social Security - Benefits Planning, Assistance and Outreach Program	96.008	609	56
Total Social Security Administration		<u>61,966</u>	<u>87</u>
<u>U.S. Department of Homeland Security</u>			
Direct Programs:			
Crisis Counseling	97.032	54	54
Passed Through the Illinois Emergency Management Agency:			
Citizen Corp	97.053	104	83
Total U.S. Department of Homeland Security		<u>158</u>	<u>137</u>
Total Expenditures of Federal Awards		<u>\$ 2,664,649</u>	<u>\$ 717,611</u>

(Concluded)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

For the Years Ended June 30, 2005 and 2004

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards present the federal award programs administered by the Illinois Department of Human Services. The reporting entity for the Illinois Department of Human Services is defined in Note 2 of the notes to the Department's basic financial statements. These schedules include the expenditure of awards received directly from federal agencies and awards passed through other State and local agencies.

These schedules were prepared for State compliance purposes only. A separate single audit of the Department was not conducted. A separate single audit of the entire State of Illinois (which includes the Department) was performed and released under separate cover.

2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards are presented on the modified accrual basis of accounting. These schedules have been reconciled to the Department's financial statements for the years ended June 30, 2005 and 2004.

Expenditures for Food Stamps (CFDA No. 10.551) represent the value of food stamp coupons issued to eligible recipients and cash assistance made available to eligible recipients in lieu of food stamp coupons (expressed in thousands) as follows:

	2005	2004
Food stamp coupons	\$ 1	\$ 131
Cash assistance in lieu of food stamp coupons	1,353,638	1,168,987
Program Totals	\$ 1,353,639	\$ 1,169,118

Expenditures for the Special Supplemental Nutrition Program for Women, Infants and Children (CFDA No. 10.557) have been reduced by the amount of infant formula rebates received in the amounts (expressed in thousands) of \$65,879 and \$66,514 for the years ended June 30, 2005 and 2004, respectively.

**ILLINOIS DEPARTMENT OF HUMAN SERVICES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS - Continued**

2. BASIS OF ACCOUNTING - Continued

Expenditures for the Commodity Supplemental Food Program (CFDA No. 10.565) represent the value of donated commodities received from the U.S. Department of Agriculture (USDA) in the amounts (expressed in thousands) of \$4,011 and \$5,239 for the years ended June 30, 2005 and 2004, respectively. Likewise, expenditures for the Emergency Food Assistance Program (CFDA No. 10.569) represent the value of donated commodities received from the USDA in the amounts (expressed in thousands) of \$12,872 and \$12,403 for the years ended June 30, 2005 and 2004, respectively. The commodities were valued based on USDA price lists.

The “negative” expenditure amounts reported for the programs noted below represent the accrual of liabilities in the preceding fiscal year in excess of current year disbursements (expressed in thousands) paid by the Department in the administration of these programs:

	<u>2005</u>	<u>2004</u>
Welfare-to-Work Grants to State and Localities (17.253)	\$ 41	\$ -
Community Prevention Coalition Demonstration Act (93.194)	<u>662</u>	<u>-</u>
Totals	<u>\$ 703</u>	<u>\$ -</u>

The Temporary Assistance for Needy Families (TANF) (CFDA No. 93.558) program allows for the transfer of a portion of the grant award for use in other federal programs administered by the Department. Transfers made in accordance with the TANF program grant provisions during the audit period (expressed in thousands) were as follows:

	<u>2005</u>	<u>2004</u>
Social Services Block Grant (93.667)	<u>\$ 14,462</u>	<u>\$ 39,744</u>

3. ALLOCATION OF ADMINISTRATIVE COSTS

The methodologies employed by the Illinois Department of Human Services for allocation of administrative costs are outlined in the Public Assistance Cost Allocation Plan (PACAP) as approved by the U.S. Department of Health and Human Services (DHHS), Division of Cost Allocation. The Department, as a public assistance agency, prepares and maintains a PACAP to allocate administrative costs to federal awards in accordance with OMB Circular A-87, Attachment D. The PACAP, which is narrative in nature and follows the organization

**ILLINOIS DEPARTMENT OF HUMAN SERVICES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS – Continued**

3. ALLOCATION OF ADMINISTRATIVE COSTS – Continued

of the Department, describes allocation methodologies for all administrative costs, both direct and indirect, and is amended, as necessary, (e.g. due to organizational changes) on an ongoing basis. The PACAP process allocates all direct and indirect administrative costs of the Department to both state and federal programs based on the relative administrative benefits received by each on a quarterly basis.

Indirect costs of the Department are treated in greater detail in an annual Departmental Indirect Cost Allocation Plan (DICAP). Indirect costs treated in the DICAP include costs incurred by the Department's central administrative offices or divisions as well as statewide costs allocable to the Department under the Statewide Cost Allocation Plan (SWCAP). A DICAP is prepared for each State fiscal year and is the initial allocation of indirect costs of the Department's program divisions. Subsequent allocation of indirect costs to the grant or funding source level is done on a quarterly basis in accordance with the PACAP along with the allocable administrative costs incurred by program activities.

The process for indirect cost recovery is as described above for all Department grant programs except the Social Security Disability Insurance Program and the Rehabilitation Services – Vocational Rehabilitation Grants to States Program. The costs compiled in the DICAP attributable to these two areas/programs are converted to an indirect cost rate and applied to the applicable direct personal services cost pool to derive the indirect costs for these two respective areas. The federal agencies responsible for these two areas of the Department have required indirect cost rates rather than the allocation of indirect costs using the above-described process.

4. DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS

The following is a brief description of the significant programs included in the Schedules of Expenditures of Federal Awards:

A. U.S. Department of Agriculture

The Department accounted for revenues and expenditures incurred in the administration of all major U.S. Department of Agriculture (USDA) awards in various funds under its control.

**ILLINOIS DEPARTMENT OF HUMAN SERVICES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS – Continued**

4. DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS – Continued

A. U.S. Department of Agriculture – Continued

1. Food Stamp Cluster: Food Stamps CFDA No. 10.551 and State Administrative Matching Grants for Food Stamp Program CFDA No. 10.561

The objective of these programs is to help low-income households buy the food they need for good health.

2. Special Supplemental Nutrition Program for Women, Infants and Children CFDA No. 10.557

The objective of this program is to provide supplemental nutritious foods, nutrition education, and referrals to health care for low-income persons during critical periods of growth and development.

B. U.S. Department of Education

The Department accounted for revenues and expenditures incurred in the administration of all major U.S. Department of Education (USDE) awards in various funds under its control.

1. Rehabilitation Services – Vocational Rehabilitation Grants to States CFDA No. 84.126

The purpose of this program is to assist states in operating a comprehensive, and accountable program designed to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, and capabilities, so such individuals may prepare for and engage in gainful employment.

2. Special Education – Grants for Infants and Families with Disabilities CFDA No. 84.181

The purpose of this program is to assist each state in developing and implementing a Statewide comprehensive, coordinated, multidisciplinary, interagency system to provide early intervention services for infants and toddlers with disabilities, and their families.

**ILLINOIS DEPARTMENT OF HUMAN SERVICES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS – Continued**

4. DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS – Continued

C. U.S. Department of Health and Human Services

The Department accounted for revenues and expenditures incurred in the administration of major U.S. Department of Health and Human Services (DHHS) awards in various funds under its control.

1. Temporary Assistance for Needy Families CFDA No. 93.558

The objectives of this program are to provide time-limited assistance to needy families with children so the children can be cared for in their own home or in homes of relatives; end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and, encourage the formation and maintenance of two-parent families.

2. Child Care Cluster: Child Care and Development Block Grant CFDA No. 93.575; and Child Care Mandatory and Matching Funds of the Child Care and Development Fund CFDA No. 93.596

The Child Care and Development Fund provides funds to states to increase the availability, affordability, and quality of child care services for low-income families where the parents are working or attending training or educational programs.

3. Social Services Block Grant CFDA No. 93.667

The purpose of this program is to provide funds to states to provide services for individuals, families, and entire population groups in one or more of five specified social service areas.

4. Medical Assistance Program CFDA No. 93.778

The objective of this program is to provide financial assistance to states for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women, and aged who meet income and resource requirements, and other category-eligible groups.

**ILLINOIS DEPARTMENT OF HUMAN SERVICES
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS – Continued**

4. DESCRIPTION OF SIGNIFICANT FEDERAL AWARD PROGRAMS – Continued

C. U.S. Department of Health and Human Services – Continued

5. Block Grants for Prevention and Treatment of Substance Abuse CFDA No. 93.959

The objective of this program is to provide funds to states, territories, and one Indian tribe for the purpose of planning, carrying out and evaluating activities to prevent and treat substance abuse and other related activities as authorized by statute.

D. Social Security Administration

The Social Security Administration administers a national program of contributory social insurance. Employees, employers, and the self-employed pay contributions, which are pooled in special trust funds. When earnings cease or are reduced because the worker retires, dies, or becomes disabled, monthly cash benefits are paid to replace part of the earnings the family has lost.

1. Disability Insurance/SSI Cluster: Social Security – Disability Insurance CFDA No. 96.001

The purpose of this program is to reimburse states for the cost of performing disability determinations under the Disability Insurance and Supplemental Security Income programs on behalf of the Social Security Administration.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005
FOURTEEN MONTHS ENDED AUGUST 31, 2005
(expressed in thousands)

Schedule 3

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2005
PUBLIC ACTS 93-0842, 93-0681, 94-0015						
Appropriated Funds						
General Revenue Fund - 0001:						
Distributive Items	\$ 586,436	\$ 560,925	\$ 24,812	\$ 585,737	\$ 699	\$ -
Field Level Operations	224,859	211,738	11,678	223,416	1,443	-
Attorney General Representative	308	186	8	194	114	-
Training Personnel	1,988	1,481	88	1,569	419	-
Administrative and Program Support	48,770	38,010	7,926	45,936	2,834	-
Management Information Service	47,294	34,678	6,107	40,785	6,509	-
Disability Determination Services Bureau	1,930	1,793	127	1,920	10	-
Home Services Program	356,320	336,658	18,908	355,566	754	-
Mental Health Grants-in-aid and Purchase of Care	301,144	294,604	5,333	299,937	1,207	-
Inspector General	4,796	4,224	233	4,457	339	-
Developmental Disabilities Grants-in-aid and Purchase of Care	938,544	903,911	32,683	936,594	1,950	-
Addiction Prevention	5,268	5,268	-	5,268	-	-
Addiction Treatment	158,708	152,201	5,357	157,558	1,150	-
Lincoln Developmental Center	991	702	58	760	231	-
Rehabilitation Service Bureaus	17,599	16,359	1,044	17,403	196	-
Child Care Services	164,097	147,376	15,807	163,183	914	-
Disability/Behavioral Health Program Administration	36,058	31,041	3,287	34,328	1,730	-
Treatment/Detention Sexually Violent Persons	17,489	16,112	1,335	17,447	42	-
Community and Resident Services For Blind and Visually Impaired	1,709	1,495	69	1,564	145	-
Employment and Social Service Programs	55,309	50,699	2,989	53,688	1,621	-
Juvenile Justice Program	416	371	15	386	30	-
Community Health	119,775	112,995	5,908	118,903	872	-
Community Youth Services	102,848	99,356	3,114	102,470	378	-
Total General Revenue Fund	<u>\$ 3,192,656</u>	<u>\$ 3,022,183</u>	<u>\$ 146,886</u>	<u>\$ 3,169,069</u>	<u>\$ 23,587</u>	<u>\$ -</u>
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:						
Addiction Prevention	\$ 16,000	\$ 13,932	\$ 1,829	\$ 15,761	\$ 239	\$ -
Addiction Treatment	57,500	41,902	5,287	47,189	10,311	-
Disability/Behavioral Health Program Administration	5,552	3,121	276	3,397	2,155	-
Total Alcoholism and Substance Abuse Block Grant Fund	<u>\$ 79,052</u>	<u>\$ 58,955</u>	<u>\$ 7,392</u>	<u>\$ 66,347</u>	<u>\$ 12,705</u>	<u>\$ -</u>
Group Home Loan Revolving Fund - 0025:						
Addiction Treatment	\$ 100	\$ 94	\$ -	\$ 94	\$ 6	\$ -
Total Group Home Loan Revolving Fund	<u>\$ 100</u>	<u>\$ 94</u>	<u>\$ -</u>	<u>\$ 94</u>	<u>\$ 6</u>	<u>\$ -</u>
Illinois Veterans' Rehabilitation Fund - 0036:						
Rehabilitation Service Bureaus	\$ 4,329	\$ 3,804	\$ 260	\$ 4,064	\$ 265	\$ -
Total Illinois Veterans' Rehabilitation Fund	<u>\$ 4,329</u>	<u>\$ 3,804</u>	<u>\$ 260</u>	<u>\$ 4,064</u>	<u>\$ 265</u>	<u>\$ -</u>

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005
FOURTEEN MONTHS ENDED AUGUST 31, 2005
(expressed in thousands)

Schedule 3

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2005
Mental Health Fund - 0050:						
Administrative and Program Support	\$ 908	\$ 816	\$ -	\$ 816	\$ 92	\$ -
Management Information Service	650	612	31	643	7	-
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,250	335	9,585	381	-
Disability/Behavioral Health Program Administration	4,770	4,031	594	4,625	145	-
Total Mental Health Fund	<u>\$ 16,294</u>	<u>\$ 14,709</u>	<u>\$ 960</u>	<u>\$ 15,669</u>	<u>\$ 625</u>	<u>\$ -</u>
Vocational Rehabilitation Fund - 0081:						
Administrative and Program Support	\$ 11,665	\$ 7,822	\$ 539	\$ 8,361	\$ 3,304	\$ -
Management Information Service	9,880	4,138	643	4,781	5,099	-
Rehabilitation Service Bureaus	121,932	86,796	3,321	90,117	27,360	4,455
Client Assistance Project	932	447	24	471	461	-
Disability/Behavioral Health Program Administration	1,205	767	36	803	402	-
Total Vocational Rehabilitation Fund	<u>\$ 145,614</u>	<u>\$ 99,970</u>	<u>\$ 4,563</u>	<u>\$ 104,533</u>	<u>\$ 36,626</u>	<u>\$ 4,455</u>
Assistance to the Homeless Fund - 0100:						
Employment and Social Service Programs	\$ 300	\$ 294	\$ -	\$ 294	\$ 6	\$ -
Total Assistance to the Homeless Fund	<u>\$ 300</u>	<u>\$ 294</u>	<u>\$ -</u>	<u>\$ 294</u>	<u>\$ 6</u>	<u>\$ -</u>
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:						
Addiction Prevention	\$ 1,050	\$ 935	\$ -	\$ 935	\$ 115	\$ -
Disability/Behavioral Health Program Administration	150	150	-	150	-	-
Total Youth Alcoholism and Substance Abuse Prevention Fund	<u>\$ 1,200</u>	<u>\$ 1,085</u>	<u>\$ -</u>	<u>\$ 1,085</u>	<u>\$ 115</u>	<u>\$ -</u>
State Gaming Fund - 0129:						
Addiction Treatment	\$ 960	\$ 879	\$ 31	\$ 910	\$ 50	\$ -
Total State Gaming Fund	<u>\$ 960</u>	<u>\$ 879</u>	<u>\$ 31</u>	<u>\$ 910</u>	<u>\$ 50</u>	<u>\$ -</u>
Drunk and Drugged Driving Prevention Fund - 0276:						
Addiction Treatment	\$ 3,083	\$ 1,702	\$ 180	\$ 1,882	\$ 1,201	\$ -
Total Drunk and Drugged Driving Prevention Fund	<u>\$ 3,083</u>	<u>\$ 1,702</u>	<u>\$ 180</u>	<u>\$ 1,882</u>	<u>\$ 1,201</u>	<u>\$ -</u>
Community MH/DD Services Provider Participation Fee Fund - 0325:						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ -
Total Community MH/DD Services Provider Participation Fee Fund	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>
Federal National Community Services Fund - 0343:						
Community Health	\$ 12,970	\$ 4,847	\$ 171	\$ 5,018	\$ 7,952	\$ -
Total Federal National Community Services Fund	<u>\$ 12,970</u>	<u>\$ 4,847</u>	<u>\$ 171</u>	<u>\$ 5,018</u>	<u>\$ 7,952</u>	<u>\$ -</u>

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005
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(expressed in thousands)

Schedule 3

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2005
Care Provider for Persons with Developmental Disabilities Fund - 0344:						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 36,000	\$ 35,257	\$ 724	\$ 35,981	\$ 19	\$ -
Total Care Provider for Persons with Developmental Disabilities Fund	<u>\$ 36,000</u>	<u>\$ 35,257</u>	<u>\$ 724</u>	<u>\$ 35,981</u>	<u>\$ 19</u>	<u>\$ -</u>
Employment and Training Fund - 0347:						
Employment and Social Service Program	\$ 84,455	\$ 20,389	\$ 489	\$ 20,878	\$ 63,577	\$ -
Total Employment and Training Fund	<u>\$ 84,455</u>	<u>\$ 20,389</u>	<u>\$ 489</u>	<u>\$ 20,878</u>	<u>\$ 63,577</u>	<u>\$ -</u>
Drug Treatment Fund - 0368:						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Addiction Treatment	5,000	4,779	221	5,000	-	-
Total Drug Treatment Fund	<u>\$ 5,005</u>	<u>\$ 4,779</u>	<u>\$ 221</u>	<u>\$ 5,000</u>	<u>\$ 5</u>	<u>\$ -</u>
Sexual Assault Services Fund - 0389:						
Community Health	\$ 100	\$ -	\$ 24	\$ 24	\$ 76	\$ -
Total Sexual Assault Services Fund	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 76</u>	<u>\$ -</u>
DHS Special Purposes Trust Fund - 0408:						
Disability Determination Services Bureau	\$ 606	\$ 498	\$ 26	\$ 524	\$ 82	\$ -
Child Care Services	130,271	119,311	9,898	129,209	1,062	-
Refugee Social Service Program	11,042	4,607	992	5,599	5,443	-
Employment and Social Service Programs	63,225	11,629	299	11,928	51,297	-
Community Health	10,676	6,408	1,500	7,908	2,768	-
Community Youth Services	3,665	3,000	641	3,641	24	-
Total DHS Special Purposes Trust Fund	<u>\$ 219,485</u>	<u>\$ 145,453</u>	<u>\$ 13,356</u>	<u>\$ 158,809</u>	<u>\$ 60,676</u>	<u>\$ -</u>
DHS/State Projects Fund - 0448:						
Rehabilitation Service Bureaus	\$ 15	\$ -	\$ -	\$ -	\$ 15	\$ -
Total DHS/State Projects Fund	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ -</u>
Old Age Survivors Insurance Fund - 0495:						
Disability Determination Services Bureau	\$ 78,441	\$ 58,813	\$ 2,977	\$ 61,790	\$ 16,651	\$ -
Total Old Age Survivors Insurance Fund	<u>\$ 78,441</u>	<u>\$ 58,813</u>	<u>\$ 2,977</u>	<u>\$ 61,790</u>	<u>\$ 16,651</u>	<u>\$ -</u>
Early Intervention Services Revolving Fund - 0502:						
Administrative and Program Support	\$ 100	\$ 96	\$ -	\$ 96	\$ 4	\$ -
Community Youth Services	134,914	116,702	9,585	126,287	3,459	5,168
Total Early Intervention Services Revolving Fund	<u>\$ 135,014</u>	<u>\$ 116,798</u>	<u>\$ 9,585</u>	<u>\$ 126,383</u>	<u>\$ 3,463</u>	<u>\$ 5,168</u>

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
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(expressed in thousands)

Schedule 3

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2005
Domestic Violence Abuser Services Fund - 0528:						
Community Health	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -
Total Domestic Violence Abuser Services Fund	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
American Diabetes Association Fund - 0531:						
Community Health	\$ 74	\$ -	\$ -	\$ -	\$ 74	\$ -
Total American Diabetes Association Fund	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ -</u>
Children's Cancer Fund - 0533:						
Community Health	\$ 3	\$ -	\$ -	\$ -	\$ 3	\$ -
Total Children's Cancer Fund	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>
DHS Federal Projects Fund - 0592:						
Administrative and Program Support	\$ 475	\$ 305	\$ 19	\$ 324	\$ 151	\$ -
Mental Health Grants-in-aid and Purchase of Care	16,000	5,261	109	5,370	10,630	-
Disability/Behavioral Health Program Administration	5,949	724	113	837	5,112	-
Community Health	19,954	11,388	330	11,718	8,236	-
Total DHS Federal Projects Fund	<u>\$ 42,378</u>	<u>\$ 17,678</u>	<u>\$ 571</u>	<u>\$ 18,249</u>	<u>\$ 24,129</u>	<u>\$ -</u>
Multiple Sclerosis Assistance Fund - 0604:						
Rehabilitation Service Bureaus	\$ 300	\$ 163	\$ -	\$ 163	\$ 137	\$ -
Total Multiple Sclerosis Assistance Fund	<u>\$ 300</u>	<u>\$ 163</u>	<u>\$ -</u>	<u>\$ 163</u>	<u>\$ 137</u>	<u>\$ -</u>
State Projects Fund - 0642:						
Community Health	\$ 2,729	\$ 1,355	\$ -	\$ 1,355	\$ 1,374	\$ -
Total State Projects Fund	<u>\$ 2,729</u>	<u>\$ 1,355</u>	<u>\$ -</u>	<u>\$ 1,355</u>	<u>\$ 1,374</u>	<u>\$ -</u>
Alcoholism and Substance Abuse Fund - 0646:						
Addiction Prevention	\$ 6,009	\$ 1,778	\$ 369	\$ 2,147	\$ 3,862	\$ -
Addiction Treatment	22,103	4,071	1,589	5,660	16,443	-
Total Alcoholism and Substance Abuse Fund	<u>\$ 28,112</u>	<u>\$ 5,849</u>	<u>\$ 1,958</u>	<u>\$ 7,807</u>	<u>\$ 20,305</u>	<u>\$ -</u>
DHS Private Resources Fund - 0690:						
Administrative and Program Support	\$ 150	\$ 11	\$ -	\$ 11	\$ 139	\$ -
Total DHS Private Resources Fund	<u>\$ 150</u>	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 139</u>	<u>\$ -</u>

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005
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(expressed in thousands)

Schedule 3

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2005
U.S.D.A. Women, Infants and Children Fund - 0700:						
Administrative and Program Support	\$ 200	\$ 147	\$ -	\$ 147	\$ 53	\$ -
Management Information Service	1,092	656	64	720	372	-
Community Health	278,594	243,228	10,520	253,748	24,846	-
Total U.S.D.A. Women, Infants and Children Fund	\$ 279,886	\$ 244,031	\$ 10,584	\$ 254,615	\$ 25,271	\$ -
Community Mental Health Medicaid Trust Fund - 0718:						
Mental Health Grants-in-aid and Purchase of Care	\$ 95,690	\$ 70,732	\$ 1,671	\$ 72,403	\$ 23,287	\$ -
Total Community Mental Health Medicaid Trust Fund	\$ 95,690	\$ 70,732	\$ 1,671	\$ 72,403	\$ 23,287	\$ -
Tobacco Settlement Recovery Fund - 0733:						
Community Health	\$ 2,250	\$ 2,091	\$ 122	\$ 2,213	\$ 37	\$ -
Total Tobacco Settlement Recovery Fund	\$ 2,250	\$ 2,091	\$ 122	\$ 2,213	\$ 37	\$ -
Local Initiative Fund - 0762:						
Employment and Social Service Programs	\$ 22,322	\$ 18,863	\$ 2,598	\$ 21,461	\$ 861	\$ -
Total Local Initiative Fund	\$ 22,322	\$ 18,863	\$ 2,598	\$ 21,461	\$ 861	\$ -
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:						
Disability/Behavioral Health Program Administration	\$ 1,350	\$ 604	\$ 128	\$ 732	\$ 618	\$ -
Total Rehabilitation Services Elementary and Secondary Education Act Fund	\$ 1,350	\$ 604	\$ 128	\$ 732	\$ 618	\$ -
Domestic Violence Shelter and Service Fund - 0865:						
Community Health	\$ 952	\$ 694	\$ 222	\$ 916	\$ 36	\$ -
Total Domestic Violence Shelter and Service Fund	\$ 952	\$ 694	\$ 222	\$ 916	\$ 36	\$ -
Maternal and Child Health Services Block Grant Fund - 0872:						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Management Information Service	236	-	-	-	236	-
Community Health	27,986	17,442	3,395	20,837	7,149	-
Total Maternal and Child Health Services Block Grant Fund	\$ 28,227	\$ 17,442	\$ 3,395	\$ 20,837	\$ 7,390	\$ -
Preventive Health and Health Services Block Grant Fund - 0873:						
Community Health	\$ 1,555	\$ 74	\$ 230	\$ 304	\$ 1,251	\$ -
Total Preventive Health and Health Services Block Grant Fund	\$ 1,555	\$ 74	\$ 230	\$ 304	\$ 1,251	\$ -

(Continued)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2005
FOURTEEN MONTHS ENDED AUGUST 31, 2005
(expressed in thousands)

Schedule 3

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2005	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2005
Community Mental Health Services Block Grant Fund - 0876:						
Mental Health Grants-in-aid and Purchase of Care	\$ 17,574	\$ 16,110	\$ -	\$ 16,110	\$ 1,464	\$ -
Disability/Behavioral Health Program Administration	915	808	69	877	38	-
Total Community Mental Health Services Block Grant Fund	<u>\$ 18,489</u>	<u>\$ 16,918</u>	<u>\$ 69</u>	<u>\$ 16,987</u>	<u>\$ 1,502</u>	<u>\$ -</u>
Youth Drug Abuse Prevention Fund - 0910:						
Administrative and Program Support	\$ 30	\$ -	\$ -	\$ -	\$ 30	\$ -
Addiction Treatment	530	395	83	478	52	-
Total Youth Drug Abuse Prevention Fund	<u>\$ 560</u>	<u>\$ 395</u>	<u>\$ 83</u>	<u>\$ 478</u>	<u>\$ 82</u>	<u>\$ -</u>
Juvenile Justice Trust Fund - 0911:						
Juvenile Justice Program	\$ 13,416	\$ 7,298	\$ 451	\$ 7,749	\$ 5,667	\$ -
Total Juvenile Justice Trust Fund	<u>\$ 13,416</u>	<u>\$ 7,298</u>	<u>\$ 451</u>	<u>\$ 7,749</u>	<u>\$ 5,667</u>	<u>\$ -</u>
DHS Recoveries Trust Fund - 0921:						
Administrative and Program Support	\$ 5,519	\$ 3,823	\$ 222	\$ 4,045	\$ 1,474	\$ -
Total DHS Recoveries Trust Fund	<u>\$ 5,519</u>	<u>\$ 3,823</u>	<u>\$ 222</u>	<u>\$ 4,045</u>	<u>\$ 1,474</u>	<u>\$ -</u>
Total Appropriated Funds	<u>\$ 4,559,635</u>	<u>\$ 3,998,032</u>	<u>\$ 210,123</u>	<u>\$ 4,208,155</u>	<u>\$ 341,857</u>	<u>\$ 9,623</u>
Non-Appropriated Funds						
DHS Special Purposes Trust Fund - 0408:						
Employment and Social Service Programs		\$ 5,378	\$ 1,119	\$ 6,497		
Total DHS Special Purposes Trust Fund		<u>\$ 5,378</u>	<u>\$ 1,119</u>	<u>\$ 6,497</u>		
Electronic Benefits Transfer Fund - 0540:						
Distributive Items		\$ 164,945	\$ -	\$ 164,945		
Total Electronic Benefits Transfer Fund		<u>\$ 164,945</u>	<u>\$ -</u>	<u>\$ 164,945</u>		
DHS Private Resources Fund - 0690:						
Administrative and Program Support		\$ -	\$ 1	\$ 1		
Mental Health Grants-in-aid and Purchase of Care		93	-	93		
Community Health		21	-	21		
Total DHS Private Resources Fund		<u>\$ 114</u>	<u>\$ 1</u>	<u>\$ 115</u>		
DHS Recoveries Trust Fund - 0921:						
Distributive Items		\$ 6,078	\$ 1,087	\$ 7,165		
Total DHS Recoveries Trust Fund		<u>\$ 6,078</u>	<u>\$ 1,087</u>	<u>\$ 7,165</u>		
Total Non-Appropriated Funds		<u>\$ 176,515</u>	<u>\$ 2,207</u>	<u>\$ 178,722</u>		
Total All Funds		<u>\$ 4,174,547</u>	<u>\$ 212,330</u>	<u>\$ 4,386,877</u>		

(Concluded)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
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(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
PUBLIC ACT 93-0092						
Appropriated Funds						
General Revenue Fund - 0001:						
Distributive Items	\$ 540,648	\$ 526,373	\$ 12,918	\$ 539,291	\$ 1,357	\$ -
Field Level Operations	260,836	227,424	16,735	244,159	16,677	-
Attorney General Representative	341	238	7	245	96	-
Training Personnel	2,445	1,596	126	1,722	723	-
Administrative and Program Support	73,593	55,040	13,608	68,648	4,945	-
Management Information Service	51,799	42,241	7,435	49,676	2,123	-
Disability Determination Services Bureau	1,939	1,777	159	1,936	3	-
Home Services Program	327,251	292,312	23,458	315,770	11,481	-
Central Office Grants-in-aid	1,235,959	1,198,524	30,097	1,228,621	7,338	-
Inspector General	5,763	4,253	216	4,469	1,294	-
Addiction Prevention	5,459	5,185	165	5,350	109	-
Addiction Treatment	159,256	149,979	809	150,788	6,591	1,877
Rehabilitation Service Bureaus	18,630	15,276	3,211	18,487	143	-
Day Care Services	166,166	155,034	6,115	161,149	5,017	-
Program Administration/Disability-Behavior	34,399	28,773	4,247	33,020	1,379	-
Treatment/Detention Sexually Violent Persons	18,079	14,613	1,385	15,998	2,081	-
Community and Resident Services for Blind and Visually Impaired	1,824	1,504	111	1,615	209	-
Employment and Social Service Programs	50,560	43,469	4,055	47,524	3,036	-
Juvenile Justice Program	394	301	19	320	74	-
Community Health	123,315	112,183	8,287	120,470	2,845	-
Community Youth Services	40,811	36,888	3,485	40,373	438	-
Total General Revenue Fund	\$ 3,119,467	\$ 2,912,983	\$ 136,648	\$ 3,049,631	\$ 67,959	\$ 1,877
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:						
Addiction Prevention	\$ 16,000	\$ 13,239	\$ 1,952	\$ 15,191	\$ 809	\$ -
Addiction Treatment	57,500	45,558	134	45,692	11,808	-
Program Administration/Disability-Behavior	5,653	3,110	247	3,357	2,296	-
Total Alcoholism and Substance Abuse Block Grant Fund	\$ 79,153	\$ 61,907	\$ 2,333	\$ 64,240	\$ 14,913	\$ -
Group Home Loan Revolving Fund - 0025:						
Addiction Treatment	\$ 100	\$ 100	\$ -	\$ 100	\$ -	\$ -
Total Group Home Loan Revolving Fund	\$ 100	\$ 100	\$ -	\$ 100	\$ -	\$ -
Illinois Veterans' Rehabilitation Fund - 0036:						
Rehabilitation Service Bureaus	\$ 4,252	\$ 3,937	\$ 82	\$ 4,019	\$ 233	\$ -
Total Illinois Veterans' Rehabilitation Fund	\$ 4,252	\$ 3,937	\$ 82	\$ 4,019	\$ 233	\$ -

(Continued)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2004
FOURTEEN MONTHS ENDED AUGUST 31, 2004
(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
Mental Health Fund - 0050:						
Administrative and Program Support	\$ 16,823	\$ 15,988	\$ 401	\$ 16,389	\$ 434	\$ -
Management Information Service	527	448	-	448	79	-
Central Office Grants-in-aid	9,966	8,748	758	9,506	460	-
Program Administration/Disability-Behavior	3,720	1,283	252	1,535	2,185	-
Total Mental Health Fund	\$ 31,036	\$ 26,467	\$ 1,411	\$ 27,878	\$ 3,158	\$ -
Vocational Rehabilitation Fund - 0081:						
Administrative and Program Support	\$ 12,566	\$ 9,199	\$ 494	\$ 9,693	\$ 2,873	\$ -
Management Information Service	10,280	5,422	634	6,056	4,224	-
Rehabilitation Service Bureaus	122,098	92,226	3,322	95,548	23,046	3,504
Client Assistance Project	917	499	25	524	393	-
Program Administration/Disability-Behavior	1,145	756	58	814	331	-
Total Vocational Rehabilitation Fund	\$ 147,006	\$ 108,102	\$ 4,533	\$ 112,635	\$ 30,867	\$ 3,504
Assistance to the Homeless Fund - 0100:						
Employment and Social Service Programs	\$ 300	\$ 300	\$ -	\$ 300	\$ -	\$ -
Total Assistance to the Homeless Fund	\$ 300	\$ 300	\$ -	\$ 300	\$ -	\$ -
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:						
Addiction Prevention	\$ 1,050	\$ 804	\$ 41	\$ 845	\$ 205	\$ -
Program Administration/Disability-Behavior	150	147	-	147	3	-
Total Youth Alcoholism and Substance Abuse Prevention Fund	\$ 1,200	\$ 951	\$ 41	\$ 992	\$ 208	\$ -
State Gaming Fund - 0129:						
Addiction Treatment	\$ 960	\$ 721	\$ 206	\$ 927	\$ 33	\$ -
Total State Gaming Fund	\$ 960	\$ 721	\$ 206	\$ 927	\$ 33	\$ -
Mental Health Accounts Receivable Trust Fund - 0223:						
Administrative and Program Support	\$ 1,050	\$ 573	\$ -	\$ 573	\$ 477	\$ -
Total Mental Health Accounts Receivable Trust Fund	\$ 1,050	\$ 573	\$ -	\$ 573	\$ 477	\$ -
Drunk and Drugged Driving Prevention Fund - 0276:						
Addiction Treatment	\$ 3,095	\$ 1,801	\$ 150	\$ 1,951	\$ 1,144	\$ -
Total Drunk and Drugged Driving Prevention Fund	\$ 3,095	\$ 1,801	\$ 150	\$ 1,951	\$ 1,144	\$ -
Community MH/DD Services Provider Participation Fee Fund - 0325:						
Central Office Grants-in-aid	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ -
Total Community MH/DD Services Provider Participation Fee Fund	\$ 500	\$ -	\$ -	\$ -	\$ 500	\$ -

(Continued)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
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(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
Federal National Community Services Fund - 0343:						
Community Health	\$ 13,000	\$ 3,024	\$ 771	\$ 3,795	\$ 9,205	\$ -
Total Federal National Community Services Fund	\$ 13,000	\$ 3,024	\$ 771	\$ 3,795	\$ 9,205	\$ -
Care Provider for Persons with Developmental Disabilities Fund - 0344:						
Central Office Grants-in-aid	\$ 36,000	\$ 35,763	\$ -	\$ 35,763	\$ 237	\$ -
Total Care Provider for Persons with Developmental Disabilities	\$ 36,000	\$ 35,763	\$ -	\$ 35,763	\$ 237	\$ -
Employment and Training Fund - 0347:						
Employment and Social Service Programs	\$ 86,455	\$ 27,712	\$ 228	\$ 27,940	\$ 58,515	\$ -
Total Employment and Training Fund	\$ 86,455	\$ 27,712	\$ 228	\$ 27,940	\$ 58,515	\$ -
Drug Treatment Fund - 0368:						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Addiction Treatment	5,000	5,000	-	5,000	-	-
Total Drug Treatment Fund	\$ 5,005	\$ 5,000	\$ -	\$ 5,000	\$ 5	\$ -
Sexual Assault Services Fund - 0389:						
Community Health	\$ 100	\$ -	\$ 24	\$ 24	\$ 76	\$ -
Total Sexual Assault Services Fund	\$ 100	\$ -	\$ 24	\$ 24	\$ 76	\$ -
DHS Special Purposes Trust Fund - 0408:						
Disability Determination Services Bureau	\$ 606	\$ 479	\$ 24	\$ 503	\$ 103	\$ -
Day Care Services	128,591	120,762	2,095	122,857	5,734	-
Refugee Social Service Program	11,008	5,684	686	6,370	4,638	-
Employment and Social Service Programs	65,225	21,359	442	21,801	43,424	-
Community Health	10,698	7,640	957	8,597	2,101	-
Community Youth Services	3,665	3,446	209	3,655	10	-
Total DHS Special Purposes Trust Fund	\$ 219,793	\$ 159,370	\$ 4,413	\$ 163,783	\$ 56,010	\$ -
DHS/State Projects Fund - 0448:						
Rehabilitation Service Bureaus	\$ 15	\$ -	\$ -	\$ -	\$ 15	\$ -
Total DHS/State Projects Fund	\$ 15	\$ -	\$ -	\$ -	\$ 15	\$ -
Old Age Survivors Insurance Fund - 0495:						
Disability Determination Services Bureau	\$ 79,220	\$ 55,890	\$ 3,103	\$ 58,993	\$ 20,227	\$ -
Total Old Age Survivors Insurance Fund	\$ 79,220	\$ 55,890	\$ 3,103	\$ 58,993	\$ 20,227	\$ -

(Continued)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
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(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
Early Intervention Services Revolving Fund - 0502:						
Administrative and Program Support	\$ 100	\$ 99	\$ -	\$ 99	\$ 1	\$ -
Community Youth Services	135,000	109,462	(1)	109,461	25,539	-
Total Early Intervention Services Revolving Fund	<u>\$ 135,100</u>	<u>\$ 109,561</u>	<u>\$ (1)</u>	<u>\$ 109,560</u>	<u>\$ 25,540</u>	<u>\$ -</u>
Domestic Violence Abuser Services Fund - 0528:						
Community Health	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -
Total Domestic Violence Abuser Services Fund	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
American Diabetes Association Fund - 0531:						
Community Health	\$ 74	\$ -	\$ -	\$ -	\$ 74	\$ -
Total American Diabetes Association Fund	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ -</u>
Children's Cancer Fund - 0533:						
Community Health	\$ 2	\$ 1	\$ 1	\$ 2	\$ -	\$ -
Total Children's Cancer Fund	<u>\$ 2</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>
DHS Federal Projects Fund - 0592:						
Administrative and Program Support	\$ 475	\$ 182	\$ 12	\$ 194	\$ 281	\$ -
Central Office Grants-in-aid	10,000	8,982	222	9,204	796	-
Program Administration/Disability-Behavior	5,949	722	69	791	5,158	-
Community Health	19,943	11,308	580	11,888	8,055	-
Total DHS Federal Projects Fund	<u>\$ 36,367</u>	<u>\$ 21,194</u>	<u>\$ 883</u>	<u>\$ 22,077</u>	<u>\$ 14,290</u>	<u>\$ -</u>
Multiple Sclerosis Assistance Fund - 0604:						
Rehabilitation Service Bureaus	\$ 100	\$ -	\$ 100	\$ 100	\$ -	\$ -
Total Multiple Sclerosis Assistance Fund	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>
State Projects Fund - 0642:						
Community Health	\$ 2,729	\$ 1,092	\$ 200	\$ 1,292	\$ 1,437	\$ -
Total State Projects Fund	<u>\$ 2,729</u>	<u>\$ 1,092</u>	<u>\$ 200</u>	<u>\$ 1,292</u>	<u>\$ 1,437</u>	<u>\$ -</u>
Alcoholism and Substance Abuse Fund - 0646:						
Addiction Prevention	\$ 3,009	\$ 1,568	\$ 163	\$ 1,731	\$ 1,278	\$ -
Addiction Treatment	10,112	1,670	1,779	3,449	6,663	-
Total Alcoholism and Substance Abuse Fund	<u>\$ 13,121</u>	<u>\$ 3,238</u>	<u>\$ 1,942</u>	<u>\$ 5,180</u>	<u>\$ 7,941</u>	<u>\$ -</u>

(Continued)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
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(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
Illinois Equal Justice Fund - 0671:						
Distributive Items	\$ 490	\$ 480	\$ -	\$ 480	\$ 10	\$ -
Total Illinois Equal Justice Fund	<u>\$ 490</u>	<u>\$ 480</u>	<u>\$ -</u>	<u>\$ 480</u>	<u>\$ 10</u>	<u>\$ -</u>
Homeless Prevention Fund - 0672:						
Employment and Social Service Programs	\$ 1,000	\$ 980	\$ -	\$ 980	\$ 20	\$ -
Total Homeless Prevention Fund	<u>\$ 1,000</u>	<u>\$ 980</u>	<u>\$ -</u>	<u>\$ 980</u>	<u>\$ 20</u>	<u>\$ -</u>
DHS Private Resources Fund - 0690:						
Administrative and Program Support	\$ 250	\$ 35	\$ 2	\$ 37	\$ 213	\$ -
Total DHS Private Resources Fund	<u>\$ 250</u>	<u>\$ 35</u>	<u>\$ 2</u>	<u>\$ 37</u>	<u>\$ 213</u>	<u>\$ -</u>
U.S.D.A. Women, Infants and Children Fund - 0700:						
Administrative and Program Support	\$ 200	\$ -	\$ -	\$ -	\$ 200	\$ -
Management Information Service	1,187	978	62	1,040	147	-
Community Health	248,800	232,866	10,334	243,200	5,600	-
Total U.S.D.A. Women, Infants and Children Fund	<u>\$ 250,187</u>	<u>\$ 233,844</u>	<u>\$ 10,396</u>	<u>\$ 244,240</u>	<u>\$ 5,947</u>	<u>\$ -</u>
Community Mental Health Medicaid Trust Fund - 0718:						
Central Office Grants-in-aid	\$ 95,690	\$ 67,007	\$ 16,799	\$ 83,806	\$ 11,884	\$ -
Total Community Mental Health Medicaid Trust Fund	<u>\$ 95,690</u>	<u>\$ 67,007</u>	<u>\$ 16,799</u>	<u>\$ 83,806</u>	<u>\$ 11,884</u>	<u>\$ -</u>
Tobacco Settlement Recovery Fund - 0733:						
Community Health	\$ 2,250	\$ 1,994	\$ 213	\$ 2,207	\$ 43	\$ -
Total Tobacco Settlement Recovery Fund	<u>\$ 2,250</u>	<u>\$ 1,994</u>	<u>\$ 213</u>	<u>\$ 2,207</u>	<u>\$ 43</u>	<u>\$ -</u>
Local Initiative Fund - 0762:						
Employment and Social Service Programs	\$ 22,392	\$ 17,450	\$ 3,662	\$ 21,112	\$ 1,280	\$ -
Total Local Initiative Fund	<u>\$ 22,392</u>	<u>\$ 17,450</u>	<u>\$ 3,662</u>	<u>\$ 21,112</u>	<u>\$ 1,280</u>	<u>\$ -</u>
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:						
Program Administration/Disability-Behavior	\$ 1,350	\$ 493	\$ 219	\$ 712	\$ 638	\$ -
Total Rehabilitation Services Elementary and Secondary Education Act Fund	<u>\$ 1,350</u>	<u>\$ 493</u>	<u>\$ 219</u>	<u>\$ 712</u>	<u>\$ 638</u>	<u>\$ -</u>
Domestic Violence Shelter and Service Fund - 0865:						
Community Health	\$ 1,000	\$ 397	\$ 59	\$ 456	\$ 544	\$ -
Total Domestic Violence Shelter and Service Fund	<u>\$ 1,000</u>	<u>\$ 397</u>	<u>\$ 59</u>	<u>\$ 456</u>	<u>\$ 544</u>	<u>\$ -</u>

(Continued)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
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(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
Maternal and Child Health Services Block Grant Fund - 0872:						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Management Information Service	200	195	-	195	5	-
Community Health	30,390	19,025	4,091	23,116	7,274	-
Total Maternal and Child Health Services Block Grant Fund	<u>\$ 30,595</u>	<u>\$ 19,220</u>	<u>\$ 4,091</u>	<u>\$ 23,311</u>	<u>\$ 7,284</u>	<u>\$ -</u>
Preventive Health and Health Services Block Grant Fund - 0873:						
Community Health	\$ 1,555	\$ 177	\$ 83	\$ 260	\$ 1,295	\$ -
Total Preventive Health and Health Services Block Grant Fund	<u>\$ 1,555</u>	<u>\$ 177</u>	<u>\$ 83</u>	<u>\$ 260</u>	<u>\$ 1,295</u>	<u>\$ -</u>
Community Mental Health Services Block Grant Fund - 0876:						
Central Office Grants-in-aid	\$ 17,574	\$ 15,637	\$ -	\$ 15,637	\$ 1,937	\$ -
Program Administration/Disability-Behavior	963	396	19	415	548	-
Total Community Mental Health Services Block Grant Fund	<u>\$ 18,537</u>	<u>\$ 16,033</u>	<u>\$ 19</u>	<u>\$ 16,052</u>	<u>\$ 2,485</u>	<u>\$ -</u>
Youth Drug Abuse Prevention Fund - 0910:						
Administrative and Program Support	\$ 30	\$ -	\$ -	\$ -	\$ 30	\$ -
Addiction Treatment	530	405	58	463	67	-
Total Youth Drug Abuse Prevention Fund	<u>\$ 560</u>	<u>\$ 405</u>	<u>\$ 58</u>	<u>\$ 463</u>	<u>\$ 97</u>	<u>\$ -</u>
Juvenile Justice Trust Fund - 0911:						
Juvenile Justice Program	\$ 13,418	\$ 5,907	\$ 612	\$ 6,519	\$ 6,899	\$ -
Total Juvenile Justice Trust Fund	<u>\$ 13,418</u>	<u>\$ 5,907</u>	<u>\$ 612</u>	<u>\$ 6,519</u>	<u>\$ 6,899</u>	<u>\$ -</u>
DHS Recoveries Trust Fund - 0921:						
Administrative and Program Support	\$ 5,713	\$ 4,260	\$ 207	\$ 4,467	\$ 1,246	\$ -
Total DHS Recoveries Trust Fund	<u>\$ 5,713</u>	<u>\$ 4,260</u>	<u>\$ 207</u>	<u>\$ 4,467</u>	<u>\$ 1,246</u>	<u>\$ -</u>
Total Appropriated Funds	<u>\$ 4,460,287</u>	<u>\$ 3,908,369</u>	<u>\$ 193,488</u>	<u>\$ 4,101,857</u>	<u>\$ 353,049</u>	<u>\$ 5,381</u>
Non-Appropriated Funds						
Vocational Rehabilitation Fund - 0081:						
Administrative and Program Support		\$ 48	\$ -	\$ 48		
Total Vocational Rehabilitation Fund		<u>\$ 48</u>	<u>\$ -</u>	<u>\$ 48</u>		
DHS Special Purposes Trust Fund - 0408:						
Employment and Social Service Programs		\$ 4,126	\$ 1,954	\$ 6,080		
Total DHS Special Purposes Trust Fund		<u>\$ 4,126</u>	<u>\$ 1,954</u>	<u>\$ 6,080</u>		

(Continued)

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
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(expressed in thousands)

Schedule 4

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2004	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2004
Electronic Benefits Transfer Fund - 0540:						
Distributive Items		\$ 147,007	\$ -	\$ 147,007		
Total Electronic Benefits Transfer Fund		<u>\$ 147,007</u>	<u>\$ -</u>	<u>\$ 147,007</u>		
DHS Private Resources Fund - 0690:						
Central Office Grants-in-aid		\$ 100	\$ -	\$ 100		
Program Administration/Disability-Behavior		14	-	14		
Total DHS Private Resources Fund		<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 114</u>		
DHS Recoveries Trust Fund - 0921:						
Distributive Items		\$ 11,827	\$ 878	\$ 12,705		
Total DHS Recoveries Trust Fund		<u>\$ 11,827</u>	<u>\$ 878</u>	<u>\$ 12,705</u>		
Total Non-Appropriated Funds		<u>\$ 163,122</u>	<u>\$ 2,832</u>	<u>\$ 165,954</u>		
Total All Funds		<u>\$ 4,071,491</u>	<u>\$ 196,320</u>	<u>\$ 4,267,811</u>		

(Concluded)

Note: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	2005 PA 93-0842, 93-0681, 94-0015	2004 PA 93-0092	2003 PA 92-0538
Appropriated Funds			
General Revenue Fund - 0001:			
Appropriations (net after transfers)	\$ 3,192,656	\$ 3,119,467	\$ 3,003,576
Expenditures:			
Distributive Items	585,737	539,291	522,913
Field Level Operations	223,416	244,159	269,712
Attorney General Representative	194	245	283
Training Personnel	1,569	1,722	2,283
Administrative and Program Support	45,936	68,648	56,923
Management Information Service	40,785	49,676	45,616
Disability Determination Services Bureau	1,920	1,936	1,885
Home Services Program	355,566	315,770	269,460
Central Office Grants-in-aid	-	1,228,621	1,184,119
Mental Health Grants-in-aid and Purchase of Care	299,937	-	-
Inspector General	4,457	4,469	4,516
Developmental Disabilities Grants-in-aid and Purchase of Care	936,594	-	-
Addiction Prevention	5,268	5,350	5,459
Addiction Treatment	157,558	150,788	146,796
Lincoln Developmental Center	760	-	-
Rehabilitation Service Bureaus	17,403	18,487	17,047
Child Care Services	163,183	161,149	149,561
Program Administration/Disability - Behavior	-	33,020	26,367
Disability/Behavioral Health Program Administration	34,328	-	-
Treatment/Detention Sexually Violent Persons	17,447	15,998	16,720
Community and Resident Services for Blind and Visually Impaired	1,564	1,615	1,437
Employment and Social Service Program	53,688	47,524	54,334
Juvenile Justice Program	386	320	256
Community Health	118,903	120,470	124,260
Community Youth Services	102,470	40,373	40,826
Total Expenditures	<u>3,169,069</u>	<u>3,049,631</u>	<u>2,940,773</u>
Lapsed Balances	<u>23,587</u>	<u>67,959</u>	<u>54,616</u>
Balances Reappropriated	<u>\$ -</u>	<u>\$ 1,877</u>	<u>\$ 8,187</u>
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:			
Appropriations (net after transfers)	\$ 79,052	\$ 79,153	\$ 79,103
Expenditures:			
Addiction Prevention	15,761	15,191	14,395
Addiction Treatment	47,189	45,692	49,743
Disability/Behavioral Health Program Administration	3,397	3,357	3,251
Total Expenditures	<u>66,347</u>	<u>64,240</u>	<u>67,389</u>
Lapsed Balances	<u>\$ 12,705</u>	<u>\$ 14,913</u>	<u>\$ 11,714</u>
Group Home Loan Revolving Fund - 0025:			
Appropriations (net after transfers)	\$ 100	\$ 100	\$ 100
Expenditures:			
Addiction Treatment	94	100	-
Total Expenditures	<u>94</u>	<u>100</u>	<u>-</u>
Lapsed Balances	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ 100</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	2005	2004	2003
Illinois Veterans' Rehabilitation Fund - 0036:			
Appropriations (net after transfers)	\$ 4,329	\$ 4,252	\$ 4,177
Expenditures:			
Rehabilitation Service Bureaus	4,064	4,019	4,024
Total Expenditures	4,064	4,019	4,024
Lapsed Balances	\$ 265	\$ 233	\$ 153
Mental Health Fund - 0050:			
Appropriations (net after transfers)	\$ 16,294	\$ 31,036	\$ 31,036
Expenditures:			
Administrative and Program Support	816	16,389	16,747
Management Information Service	643	448	505
Central Office Grants-in-aid	-	9,506	9,540
Developmental Disabilities Grants-in-aid and Purchase of Care	9,585	-	-
Disability/Behavioral Health Program Administration	4,625	1,535	1,963
Total Expenditures	15,669	27,878	28,755
Lapsed Balances	\$ 625	\$ 3,158	\$ 2,281
Vocational Rehabilitation Fund - 0081:			
Appropriations (net after transfers)	\$ 145,614	\$ 147,006	\$ 147,754
Expenditures:			
Administrative and Program Support	8,361	9,693	6,923
Management Information Service	4,781	6,056	6,097
Rehabilitation Service Bureaus	90,117	95,548	96,260
Client Assistance Project	471	524	629
Disability/Behavioral Health Program Administration	803	814	902
Total Expenditures	104,533	112,635	110,811
Lapsed Balances	36,626	30,867	27,423
Balances Reappropriated	\$ 4,455	\$ 3,504	\$ 9,520
Assistance to the Homeless Fund - 0100:			
Appropriations (net after transfers)	\$ 300	\$ 300	\$ 300
Expenditures:			
Employment and Social Service Programs	294	300	105
Total Expenditures	294	300	105
Lapsed Balances	\$ 6	\$ -	\$ 195
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:			
Appropriations (net after transfers)	\$ 1,200	\$ 1,200	\$ 1,200
Expenditures:			
Addiction Prevention	935	845	836
Disability/Behavioral Health Program Administration	150	147	150
Total Expenditures	1,085	992	986
Lapsed Balances	\$ 115	\$ 208	\$ 214

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
State Gaming Fund - 0129:			
Appropriations (net after transfers)	\$ 960	\$ 960	\$ -
Expenditures:			
Addiction Treatment	910	927	-
Total Expenditures	<u>910</u>	<u>927</u>	<u>-</u>
Lapsed Balances	<u>\$ 50</u>	<u>\$ 33</u>	<u>\$ -</u>
Mental Health Accounts Receivable Trust Fund - 0223:			
Appropriations (net after transfers)	\$ -	\$ 1,050	\$ 1,050
Expenditures:			
Administrative and Program Support	-	573	895
Total Expenditures	<u>-</u>	<u>573</u>	<u>895</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ 155</u>
Drunk and Drugged Driving Prevention Fund - 0276:			
Appropriations (net after transfers)	\$ 3,083	\$ 3,095	\$ 3,595
Expenditures:			
Addiction Treatment	1,882	1,951	2,041
Total Expenditures	<u>1,882</u>	<u>1,951</u>	<u>2,041</u>
Lapsed Balances	<u>\$ 1,201</u>	<u>\$ 1,144</u>	<u>\$ 1,554</u>
Community MH/DD Services Provider Participation Fee Fund - 0325:			
Appropriations (net after transfers)	\$ 500	\$ 500	\$ 500
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Lapsed Balances	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>
Federal National Community Services Fund - 0343:			
Appropriations (net after transfers)	\$ 12,970	\$ 13,000	\$ 23,000
Expenditures:			
Community Health	5,018	3,795	6,676
Total Expenditures	<u>5,018</u>	<u>3,795</u>	<u>6,676</u>
Lapsed Balances	<u>\$ 7,952</u>	<u>\$ 9,205</u>	<u>\$ 16,324</u>
Care Provider for Persons with Developmental Disabilities Fund - 0344:			
Appropriations (net after transfers)	\$ 36,000	\$ 36,000	\$ 36,000
Expenditures:			
Developmental Disabilities Grants-in-aid and Purchase of Care	35,981	-	-
Central Office Grants-in-aid	-	35,763	34,930
Total Expenditures	<u>35,981</u>	<u>35,763</u>	<u>34,930</u>
Lapsed Balances	<u>\$ 19</u>	<u>\$ 237</u>	<u>\$ 1,070</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Employment and Training Fund - 0347:			
Appropriations (net after transfers)	\$ 84,455	\$ 86,455	\$ 50,000
Expenditures:			
Employment and Social Service Program	20,878	27,940	6,284
Total Expenditures	<u>20,878</u>	<u>27,940</u>	<u>6,284</u>
Lapsed Balances	<u>\$ 63,577</u>	<u>\$ 58,515</u>	<u>\$ 43,716</u>
Drug Treatment Fund - 0368:			
Appropriations (net after transfers)	\$ 5,005	\$ 5,005	\$ 3,005
Expenditures:			
Addiction Treatment	5,000	5,000	3,000
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>3,000</u>
Lapsed Balances	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>
Sexual Assault Services Fund - 0389:			
Appropriations (net after transfers)	\$ 100	\$ 100	\$ 100
Expenditures:			
Community Health	24	24	100
Total Expenditures	<u>24</u>	<u>24</u>	<u>100</u>
Lapsed Balances	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ -</u>
DHS Special Purposes Trust Fund - 0408:			
Appropriations (net after transfers)	\$ 219,485	\$ 219,793	\$ 235,232
Expenditures:			
Disability Determination Services Bureau	524	503	436
Child Care Services	129,209	122,857	121,047
Refugee Social Service Program	5,599	6,370	7,215
Employment and Social Service Program	11,928	21,801	21,091
Community Health	7,908	8,597	8,612
Community Youth Services	3,641	3,655	3,654
Total Expenditures	<u>158,809</u>	<u>163,783</u>	<u>162,055</u>
Lapsed Balances	<u>\$ 60,676</u>	<u>\$ 56,010</u>	<u>\$ 73,177</u>
DHS/State Projects Fund - 0448:			
Appropriations (net after transfers)	\$ 15	\$ 15	\$ 100
Expenditures	-	-	-
Lapsed Balances	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 100</u>
Old Age Survivors Insurance Fund - 0495:			
Appropriations (net after transfers)	\$ 78,441	\$ 79,220	\$ 77,925
Expenditures:			
Disability Determination Services Bureau	61,790	58,993	56,314
Total Expenditures	<u>61,790</u>	<u>58,993</u>	<u>56,314</u>
Lapsed Balances	<u>\$ 16,651</u>	<u>\$ 20,227</u>	<u>\$ 21,611</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Early Intervention Services Revolving Fund - 0502:			
Appropriations (net after transfers)	\$ 135,014	\$ 135,100	\$ 165,100
Expenditures:			
Administrative and Program Support	96	99	31
Community Youth Services	126,287	109,461	85,251
Total Expenditures	<u>126,383</u>	<u>109,560</u>	<u>85,282</u>
Lapsed Balances	3,463	25,540	64,818
Balances Reappropriated	<u>\$ 5,168</u>	<u>\$ -</u>	<u>\$ 15,000</u>
Domestic Violence Abuser Services Fund - 0528:			
Appropriations (net after transfers)	\$ 100	\$ 100	\$ 100
Expenditures	-	-	-
Lapsed Balances	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>
American Diabetes Association Fund - 0531:			
Appropriations (net after transfers)	\$ 74	\$ 74	\$ 74
Expenditures:			
Community Health	-	-	74
Total Expenditures	<u>-</u>	<u>-</u>	<u>74</u>
Lapsed Balances	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ -</u>
Children's Cancer Fund - 0533:			
Appropriations (net after transfers)	\$ 3	\$ 2	\$ 2
Expenditures:			
Community Health	-	2	-
Total Expenditures	<u>-</u>	<u>2</u>	<u>-</u>
Lapsed Balances	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 2</u>
DHS Federal Projects Fund - 0592:			
Appropriations (net after transfers)	\$ 42,378	\$ 36,367	\$ 36,321
Expenditures:			
Administrative and Program Support	324	194	254
Mental Health Grants-in-aid and Purchase of Care	5,370	-	-
Central Office Grants-in-aid	-	9,204	3,604
Disability/Behavioral Health Program Administration	837	791	1,471
Community Health	11,718	11,888	11,912
Total Expenditures	<u>18,249</u>	<u>22,077</u>	<u>17,241</u>
Lapsed Balances	<u>\$ 24,129</u>	<u>\$ 14,290</u>	<u>\$ 19,080</u>
Multiple Sclerosis Assistance Fund - 0604:			
Appropriations (net after transfers)	\$ 300	\$ 100	\$ -
Expenditures:			
Rehabilitation Service Bureaus	163	100	-
Total Expenditures	<u>163</u>	<u>100</u>	<u>-</u>
Lapsed Balances	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
State Projects Fund - 0642:			
Appropriations (net after transfers)	\$ 2,729	\$ 2,729	\$ 3,744
Expenditures:			
Community Health	1,355	1,292	1,309
Total Expenditures	<u>1,355</u>	<u>1,292</u>	<u>1,309</u>
Lapsed Balances	<u>\$ 1,374</u>	<u>\$ 1,437</u>	<u>\$ 2,435</u>
Alcoholism and Substance Abuse Fund - 0646:			
Appropriations (net after transfers)	\$ 28,112	\$ 13,121	\$ 16,621
Expenditures:			
Addiction Prevention	2,147	1,731	1,347
Addiction Treatment	5,660	3,449	3,349
Total Expenditures	<u>7,807</u>	<u>5,180</u>	<u>4,696</u>
Lapsed Balances	<u>\$ 20,305</u>	<u>\$ 7,941</u>	<u>\$ 11,925</u>
Illinois Equal Justice Fund - 0671:			
Appropriations (net after transfers)	\$ -	\$ 490	\$ 490
Expenditures:			
Distributive Items	-	480	490
Total Expenditures	<u>-</u>	<u>480</u>	<u>490</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>
Homeless Prevention Fund - 0672:			
Appropriations (net after transfers)	\$ -	\$ 1,000	\$ 1,000
Expenditures:			
Employment and Social Service Programs	-	980	1,000
Total Expenditures	<u>-</u>	<u>980</u>	<u>1,000</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ -</u>
DHS Private Resources Fund - 0690:			
Appropriations (net after transfers)	\$ 150	\$ 250	\$ 2,750
Expenditures:			
Administrative and Program Support	11	37	-
Total Expenditures	<u>11</u>	<u>37</u>	<u>-</u>
Lapsed Balances	<u>\$ 139</u>	<u>\$ 213</u>	<u>\$ 2,750</u>
U.S.D.A. Women, Infants and Children Fund - 0700:			
Appropriations (net after transfers)	\$ 279,886	\$ 250,187	\$ 244,741
Expenditures:			
Administrative and Program Support	147	-	-
Management Information Service	720	1,040	749
Community Health	253,748	243,200	231,145
Total Expenditures	<u>254,615</u>	<u>244,240</u>	<u>231,894</u>
Lapsed Balances	<u>\$ 25,271</u>	<u>\$ 5,947</u>	<u>\$ 12,847</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Community Mental Health Medicaid Trust Fund - 0718:			
Appropriations (net after transfers)	\$ 95,690	\$ 95,690	\$ 59,690
Expenditures:			
Mental Health Grants-in-aid and Purchase of Care	72,403	-	-
Central Office Grants-in-aid	-	83,806	58,377
Total Expenditures	<u>72,403</u>	<u>83,806</u>	<u>58,377</u>
Lapsed Balances	<u>\$ 23,287</u>	<u>\$ 11,884</u>	<u>\$ 1,313</u>
Tobacco Settlement Recovery Fund - 0733:			
Appropriations (net after transfers)	\$ 2,250	\$ 2,250	\$ 2,250
Expenditures:			
Community Health	2,213	2,207	2,196
Total Expenditures	<u>2,213</u>	<u>2,207</u>	<u>2,196</u>
Lapsed Balances	<u>\$ 37</u>	<u>\$ 43</u>	<u>\$ 54</u>
Local Initiative Fund - 0762:			
Appropriations (net after transfers)	\$ 22,322	\$ 22,392	\$ 22,392
Expenditures:			
Employment and Social Service Programs	21,461	21,112	20,212
Total Expenditures	<u>21,461</u>	<u>21,112</u>	<u>20,212</u>
Lapsed Balances	<u>\$ 861</u>	<u>\$ 1,280</u>	<u>\$ 2,180</u>
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:			
Appropriations (net after transfers)	\$ 1,350	\$ 1,350	\$ 1,350
Expenditures:			
Disability/Behavioral Health Program Administration	732	712	621
Total Expenditures	<u>732</u>	<u>712</u>	<u>621</u>
Lapsed Balances	<u>\$ 618</u>	<u>\$ 638</u>	<u>\$ 729</u>
Domestic Violence Shelter and Service Fund - 0865:			
Appropriations (net after transfers)	\$ 952	\$ 1,000	\$ 1,000
Expenditures:			
Community Health	916	456	437
Total Expenditures	<u>916</u>	<u>456</u>	<u>437</u>
Lapsed Balances	<u>\$ 36</u>	<u>\$ 544</u>	<u>\$ 563</u>
Maternal and Child Health Services Block Grant Fund - 0872:			
Appropriations (net after transfers)	\$ 28,227	\$ 30,595	\$ 31,595
Expenditures:			
Management Information Service	-	195	196
Community Health	20,837	23,116	23,834
Total Expenditures	<u>20,837</u>	<u>23,311</u>	<u>24,030</u>
Lapsed Balances	<u>\$ 7,390</u>	<u>\$ 7,284</u>	<u>\$ 7,565</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Preventive Health and Health Services Block Grant Fund - 0873:			
Appropriations (net after transfers)	\$ 1,555	\$ 1,555	\$ 3,555
Expenditures:			
Community Health	304	260	807
Total Expenditures	<u>304</u>	<u>260</u>	<u>807</u>
Lapsed Balances	<u>\$ 1,251</u>	<u>\$ 1,295</u>	<u>\$ 2,748</u>
Community Mental Health Services Block Grant Fund - 0876:			
Appropriations (net after transfers)	\$ 18,489	\$ 18,537	\$ 18,494
Expenditures:			
Mental Health Grants-in-aid and Purchase of Care	16,110	-	-
Central Office Grants-in-aid	-	15,637	17,079
Disability/Behavioral Health Program Administration	877	415	726
Total Expenditures	<u>16,987</u>	<u>16,052</u>	<u>17,805</u>
Lapsed Balances	<u>\$ 1,502</u>	<u>\$ 2,485</u>	<u>\$ 689</u>
Youth Drug Abuse Prevention Fund - 0910:			
Appropriations (net after transfers)	\$ 560	\$ 560	\$ 560
Expenditures:			
Addiction Treatment	478	463	530
Total Expenditures	<u>478</u>	<u>463</u>	<u>530</u>
Lapsed Balances	<u>\$ 82</u>	<u>\$ 97</u>	<u>\$ 30</u>
Juvenile Justice Trust Fund - 0911:			
Appropriations (net after transfers)	\$ 13,416	\$ 13,418	\$ 13,408
Expenditures:			
Juvenile Justice Program	7,749	6,519	5,262
Total Expenditures	<u>7,749</u>	<u>6,519</u>	<u>5,262</u>
Lapsed Balances	<u>\$ 5,667</u>	<u>\$ 6,899</u>	<u>\$ 8,146</u>
DHS Recoveries Trust Fund - 0921:			
Appropriations (net after transfers)	\$ 5,519	\$ 5,713	\$ 5,254
Expenditures:			
Administrative and Program Support	4,045	4,467	3,879
Total Expenditures	<u>4,045</u>	<u>4,467</u>	<u>3,879</u>
Lapsed Balances	<u>\$ 1,474</u>	<u>\$ 1,246</u>	<u>\$ 1,375</u>
All Appropriated Funds			
Total Appropriations (net after transfers)	\$ 4,559,635	\$ 4,460,287	\$ 4,328,244
Total Expenditures	<u>4,208,155</u>	<u>4,101,857</u>	<u>3,901,280</u>
Total Lapsed Balances	<u>341,857</u>	<u>353,049</u>	<u>394,257</u>
Total Balances Reappropriated	<u>\$ 9,623</u>	<u>\$ 5,381</u>	<u>\$ 32,707</u>

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STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Non-Appropriated Funds			
Vocational Rehabilitation Fund - 0081:			
Expenditures:			
Administrative and Program Support	\$ -	\$ 48	\$ 270
Total Expenditures	<u>\$ -</u>	<u>\$ 48</u>	<u>\$ 270</u>
DHS Special Purposes Trust Fund - 0408:			
Expenditures:			
Employment and Social Service Programs	\$ 6,497	\$ 6,080	\$ 4,919
Total Expenditures	<u>\$ 6,497</u>	<u>\$ 6,080</u>	<u>\$ 4,919</u>
Electronic Benefits Transfers Fund - 0540:			
Expenditures:			
Distributive Items	\$ 164,945	\$ 147,007	\$ 161,836
Total Expenditures	<u>\$ 164,945</u>	<u>\$ 147,007</u>	<u>\$ 161,836</u>
DHS Private Resources Fund - 0690:			
Expenditures:			
Administrative and Program Support	\$ 1	\$ -	\$ -
Program Administration/Disability-Behavior	-	14	1
Mental Health Grants-in-aid and Purchase of Care	93	-	-
Central Office grants-in-aid	-	100	90
Community Health	21	-	-
Total Expenditures	<u>\$ 115</u>	<u>\$ 114</u>	<u>\$ 91</u>
DHS Recoveries Trust Fund - 0921:			
Expenditures:			
Distributive Items	\$ 7,165	\$ 12,705	\$ 16,808
Total Expenditures	<u>\$ 7,165</u>	<u>\$ 12,705</u>	<u>\$ 16,808</u>
All Non-Appropriated Funds			
Total Expenditures	<u>\$ 178,722</u>	<u>\$ 165,954</u>	<u>\$ 183,924</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	2005	2004	2003
All Funds			
Total Appropriations (net after transfers)	\$ 4,559,635	\$ 4,460,287	\$ 4,328,244
Total Expenditures	4,386,877	4,267,811	4,085,204
Total Lapsed Balances	341,857	353,049	394,257
Total Balances Reappropriated	9,623	5,381	32,707
State Officers' Salaries			
Appropriations	\$ 333,700	\$ 344,600	\$ 344,600
Expenditures			
Secretary	\$ 127,600	\$ 127,600	\$ 127,585
Assistant Secretaries	206,006	206,006	107,558
Total Expenditures	\$ 333,606	\$ 333,606	\$ 235,143

(Concluded)

All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

The Department modified a division and added another division for budgetary purposes. The division titled Central Office Grants-in-aid was used for Developmental Disabilities and Mental Health Services grants and purchase of care prior to fiscal year 2005. After fiscal year 2004, appropriations were separated between Mental Health Grants-in-aid and Purchase of Care and Developmental Disabilities Grants-in-aid and Purchase of Care.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE
COMPARATIVE SCHEDULE OF EXPENDITURES
BY MAJOR OBJECT CODE
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenditures:			
Personal Services	\$ 291,913	\$ 302,167	\$ 317,973
Employee Retirement - Contributions Paid by Employer	1,695	7,923	12,054
Retirement	46,038	29,708	32,816
State Contributions for Social Security	21,022	21,557	22,922
Employer Contributions for Group Insurance	16,650	13,439	11,415
Contractual Services	65,459	102,212	100,431
Travel	3,223	3,667	3,771
Commodities	19,538	19,255	15,504
Printing	1,409	1,213	1,176
Equipment	2,525	3,097	3,401
EDP	2,507	2,660	2,656
Telecommunications	11,687	15,236	15,874
Operation of Automotive Equipment	293	261	167
Lumps Sums and Other Purposes	24,794	29,542	36,215
Lump Sum Operations	12,033	9,950	9,499
Interfund Cash Transfers	3,479	5,057	1,640
Awards and Grants	1,831,783	2,051,619	1,933,838
Awards, Benefits and Treatment Expenses, Injured Employees	988	22,152	19,028
Tort Claims	4,448	2,760	313
Reimbursement to Governmental Units	-	4,736	4,780
Funeral and Burial Expenses, Payments to Vendors	11,424	10,079	8,741
Medical Preparation and Food Supplies for Free Distribution	180,801	173,000	167,655
Grants to Other State Agencies	13,110	13,871	12,999
Awards and Grants, Lump Sums and Other Purposes	1,814,974	1,407,747	1,335,561
Permanent Improvements, Lump Sums and Other Purposes	640	1,869	129
Other Refunds	346	2,676	56
Refunds of Federal and Other Grants	4,098	10,340	14,590
Refunds, Not Elsewhere Classified	-	18	-
Total Expenditures	<u>\$ 4,386,877</u>	<u>\$ 4,267,811</u>	<u>\$ 4,085,204</u>

Note 1: Expenditures are classified according to major object codes listed in the Statewide Accounting Management System ("SAMS") manual and include appropriated and non-appropriated funds.

Note 2: All data on this schedule was obtained from Comptroller records which have been reconciled to those of the Department.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS**

Schedule 7

FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
<u>Procurement Efficiency Initiative</u>		
General Revenue Fund - 0001		
Personal Services	\$ -	\$ 3,508,600
Employee Retirement - Contributions Paid by Employer	-	151,700
Retirement	-	456,300
State Contributions for Social Security	-	168,900
Contractual Services	-	480,595
Travel	-	482
Commodities	-	182,853
Printing	-	10,000
Equipment	-	67,170
Telecommunications	-	1,464,300
Awards and Grants, Lump Sums and Other Purposes	-	1,000,000
 Early Intervention Services Revolving Fund - 0502		
Awards and Grants, Lump Sums and Other Purposes	-	1,200,000
 DHS Recoveries Trust Fund - 0921		
Contractual Services	-	800,000
Sub-Total	-	9,490,900
 <u>Facilities Management Efficiency Initiative</u>		
General Revenue Fund - 0001		
Personal Services	-	4,840,616
Sub-Total	-	4,840,616

(Continued)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS**

Schedule 7

FISCAL YEARS ENDED JUNE 30, 2005 AND 2004

	2005	2004
<u>Information Technology Initiatives</u>		
General Revenue Fund - 0001		
Personal Services	\$ -	\$ 1,195,000
Employee Retirement - Contributions Paid by Employer	-	50,300
Retirement	-	163,400
State Contribution for Social Security	-	91,300
Contractual Services	-	3,593,800
Telecommunications	-	958,195
Sub-Total	-	6,051,995
 <u>Vehicle Fleet Initiatives</u>		
General Revenue Fund - 0001		
Operation of Automotive Equipment	-	177,221
Sub-Total	-	177,221
Grand Total	\$ -	\$ 20,560,732

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Department and reconciled to information from the Office of the Comptroller. Payments include those made from Central and Non-central Office appropriations.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Revenue Fund - 0001			
Miscellaneous collections from facilities/General Office	\$ 308	\$ 422	\$ 365
Insurance reimbursements	-	19	1
Grantee income-program income, Emergency Revolving Fund interest, petty cash, and miscellaneous	170	306	115
Federal - U.S. Dept. of HHS - Refugee Entrants Program	2,848	2,833	2,858
Food stamps	66,037	78,560	72,597
Vocational Rehabilitation Fund	-	13	111
TANF	482,081	455,338	510,501
Health and Human Services	-	71	-
Non-medical	2	-	2
Electronic Benefits Transfers - AABD	-	-	(629)
Original and renewal license fees	41	82	88
Chicago general assistance	16,451	16,153	22,695
Child Care Development Block Grant	72,406	91,849	57,924
Federal Monies/Other States	-	-	82
Refugee Entrants Program	5	14	15
Employment and training	1,761	-	-
Total General Revenue Fund	<u>642,110</u>	<u>645,660</u>	<u>666,725</u>
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013			
Federal - U.S. Dept. of Health and Human Services	<u>61,341</u>	<u>66,312</u>	<u>66,762</u>
Illinois Veterans' Rehabilitation Fund - 0036			
Vocational Rehabilitation Fund	<u>-</u>	<u>5</u>	<u>40</u>
Mental Health Fund - 0050			
Patient care reimbursements and miscellaneous collections	22,293	24,145	31,220
Other agencies and local units	295	244	308
Other States and agencies	35	49	18
Subscription sales	-	-	1
Total Mental Health Fund	<u>22,623</u>	<u>24,438</u>	<u>31,547</u>
Vocational Rehabilitation Fund - 0081			
Randolph Sheppard vendors	180	302	263
Federal - U.S. Dept. of Education	98,766	102,563	102,224
Federal - U.S. Dept. of Health and Human Services	4,104	3,075	5,234
Grantee income - jury duty and recoveries, repayments due to law	14	8	24
Indirect cost reimbursements from federal government	5,384	5,222	5,400
Repayment due to final audits	6	-	47
Total Vocational Rehabilitation Fund	<u>108,454</u>	<u>111,170</u>	<u>113,192</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	2005	2004	2003
Hansen-Therkelsen Memorial Deaf Student College Fund - 0123			
Bequest to State	\$ -	\$ -	\$ 1
Loan repayments	2	5	4
Total Hanesn-Therkelsen Memorial Deaf Student College Fund	<u>2</u>	<u>5</u>	<u>5</u>
DCFS Childrens' Services Fund - 0220			
Federal - TANF grant	<u>68,800</u>	<u>68,800</u>	<u>68,800</u>
Income Tax Refund Fund - 0278			
Federal - TANF grant	<u>14,760</u>	<u>12,825</u>	<u>-</u>
Federal National Community Services Fund - 0343			
National Community Services	<u>5,953</u>	<u>3,766</u>	<u>5,822</u>
Employment and Training Fund - 0347			
Federal - U.S. Dept. of Health and Human Services	122	124	363
State Board of Education	-	-	257
Federal - TANF grant	19,417	27,592	5,756
Mathematica Policy Research	9	18	108
Total Employment and Training Fund	<u>19,548</u>	<u>27,734</u>	<u>6,484</u>
DHS Special Purposes Trust Fund - 0408			
Federal - U.S. Dept. of Health and Human Services	406	109	262
Federal - U.S. Dept. of Housing and Urban Development	-	-	54
Federal - U.S. Dept. of Labor	300	27	216
Federal - U.S. Dept. of Agriculture - multiple grants	22,435	13,147	13,356
Federal from other State agencies	147	1,790	1,579
State Board of Education	669	408	974
Family violence	1,801	3,727	1,644
Refugee entrants	5,389	5,857	5,189
Child care	123,477	118,568	145,747
Migrant Head Start	2,684	2,738	2,660
Private organizations	4	1	1
Total DHS Special Purposes Trust Fund	<u>157,312</u>	<u>146,372</u>	<u>171,682</u>
Old Age Survivors Insurance Fund - 0495			
Federal - U.S. Dept. of Health and Human Services	<u>60,665</u>	<u>59,771</u>	<u>56,437</u>
Early Intervention Services Revolving Fund - 0502			
General Revenue Fund	61,192	-	-
State Board of Education	62	64,449	66,404
Federal - U.S. Dept. of Education	25,119	1,521	15,265
Parent fees	3,492	3,116	2,085
Federal via other fund	80	277	-
Total Early Intervention Services Revolving Fund	<u>89,945</u>	<u>69,363</u>	<u>83,754</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Electronic Benefits Transfers Fund - 0540			
AABD	\$ 25,291	\$ 23,688	\$ 27,885
TANF	122,958	102,071	128,699
Employability development services	3,746	2,993	1,596
Transitional assistance	9,115	5,734	8,322
Refugee entrants	612	666	491
Employment and training	3,223	3,905	3,943
Total Electronic Benefits Transfer Fund	<u>164,945</u>	<u>139,057</u>	<u>170,936</u>
DHS Federal Projects Fund - 0592			
Federal - U.S. Dept. of Health and Human Services	17,551	14,631	14,121
Federal - U.S. Dept. of Commerce	55	15	446
Federal - U.S. Dept. of Education	25	4,952	-
Federal - U.S. FEMA	54	-	-
Federal - U.S. Dept. of Labor	94	206	838
Federal - Social Security Administration	886	1,030	844
Federal - Public Health Service Fund	-	908	908
State Board of Education	62	-	110
School district property sales	32	79	85
Federal monies from other States	20	20	40
Federal Energy Fund	-	-	3
Total DHS Federal Projects Fund	<u>18,779</u>	<u>21,841</u>	<u>17,395</u>
State Projects Fund - 0642			
Illinois Department of Children and Family Services	<u>1,321</u>	<u>1,321</u>	<u>1,321</u>
Alcoholism and Substance Abuse Fund - 0646			
Federal - U.S. Dept. of Education	1,939	1,435	1,139
Federal - U.S. Dept. of Health and Human Services	5,740	2,468	4,207
Justice/court restitutions	-	1	-
Private organizations	67	135	185
Total Alcoholism and Substance Abuse Fund	<u>7,746</u>	<u>4,039</u>	<u>5,531</u>
Illinois Equal Justice Fund - 0671			
General Revenue Fund	<u>-</u>	<u>480</u>	<u>490</u>
Homeless Prevention Fund - 0672			
General Revenue Fund	<u>-</u>	<u>980</u>	<u>1,000</u>
DHS Private Resources Fund - 0690			
Housing Development Authority	186	79	100
Solid Waste Management Fund	41	5	-
Private organizations	49	40	15
Total DHS Private Resources Fund	<u>276</u>	<u>124</u>	<u>115</u>

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FISCAL YEARS ENDED JUNE 30, 2005, 2004 AND 2003
(expressed in thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
U.S.D.A. Women, Infants and Children Fund - 0700			
Federal - U.S. Dept. of Agriculture	\$ 181,399	\$ 176,037	\$ 172,678
WIC program income and fees	21	8	6
WIC program vendors	26	-	-
Infant formula rebates	66,101	66,884	57,673
Total U.S.D.A. Women, Infants, and Children Fund	<u>247,547</u>	<u>242,929</u>	<u>230,357</u>
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798			
Federal - U.S. Dept. of Education	575	687	600
Federal property sales/school districts	70	-	196
DHS Federal Projects	3	-	1
State Board of Education	49	78	88
Total Rehabilitation Services Elementary and Secondary Education Act Fund	<u>697</u>	<u>765</u>	<u>885</u>
Maternal and Child Health Services Block Grant Fund - 0872			
Federal - U.S. Dept. of Health and Human Services Block Grant	<u>21,602</u>	<u>24,902</u>	<u>26,849</u>
Preventive Health and Health Services Block Grant Fund - 0873			
Federal - U.S. Dept. of Health and Human Services Block Grant	157	224	570
Federal - U.S. Dept. of Public Health Service Fund	-	-	908
	<u>157</u>	<u>224</u>	<u>1,478</u>
Community Mental Health Services Block Grant Fund - 0876			
Federal - U.S. Dept. of Health and Human Services Block Grant	<u>17,095</u>	<u>16,545</u>	<u>17,354</u>
Youth Drug Abuse Prevention Fund - 0910			
Fines, penalties and violations	<u>421</u>	<u>395</u>	<u>411</u>
Juvenile Justice Trust Fund - 0911			
Federal - U.S. Dept. of Justice	<u>8,153</u>	<u>6,803</u>	<u>4,325</u>
DHS Recoveries Trust Fund - 0921			
IRS collections non-public assistance clients	3,106	2,292	1,250
Earnfare employment/training	21	3	27
Recipient collection - administrative support	710	696	674
Recipient collection - excess assistance	5,854	5,768	6,186
Recipient collection - food stamp	1,432	1,370	1,389
Non-medical	430	363	218
SSI Interim Assistance	3,123	2,396	2,496
Total DHS Recoveries Trust Fund	<u>14,676</u>	<u>12,888</u>	<u>12,240</u>
Social Services Block Grant Fund - 0935			
Federal - U.S. Dept. of Health and Human Services Title XX Block Grant	<u>77,735</u>	<u>107,308</u>	<u>83,504</u>
TOTAL RECEIPTS PER DEPARTMENT RECORDS	<u>\$ 1,832,663</u>	<u>\$ 1,816,822</u>	<u>\$ 1,845,441</u>

(Concluded)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2005 AND 2004
(expressed in thousands)**

	Fund 0001 General Revenue Fund	Fund 0013 Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Fund 0036 Illinois Veterans' Rehabilitation Fund	Fund 0050 Mental Health Fund	Fund 0081 Vocational Rehabilitation Fund	Fund 0123 Hansen- Therkelson Memorial Deaf Student College Fund	Fund 0220 DCFS Children's Services Fund
TOTAL 2005 RECEIPTS PER DEPARTMENT RECORDS	\$ 642,110	\$ 61,341	\$ -	\$ 22,623	\$ 108,454	\$ 2	\$ 68,800
Deposits in transit, beginning of period	9	-	-	1,810	-	-	-
Deposits in transit, end of period	(39)	-	-	(1,401)	-	-	-
Adjustments to be made to Department records - miscellaneous	(99)	-	-	-	-	-	-
TOTAL 2005 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 641,981</u>	<u>\$ 61,341</u>	<u>\$ -</u>	<u>\$ 23,032</u>	<u>\$ 108,454</u>	<u>\$ 2</u>	<u>\$ 68,800</u>
TOTAL 2004 RECEIPTS PER DEPARTMENT RECORDS	\$ 645,660	\$ 66,312	\$ 5	\$ 24,438	\$ 111,170	\$ 5	\$ 68,800
Deposits in transit, beginning of period	17	-	-	1,315	22	-	-
Deposits in transit, end of period	(9)	-	-	(1,810)	-	-	-
Adjustments to be made to Department records - miscellaneous	(5,149)	-	-	1	(12)	-	-
TOTAL 2004 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 640,519</u>	<u>\$ 66,312</u>	<u>\$ 5</u>	<u>\$ 23,944</u>	<u>\$ 111,180</u>	<u>\$ 5</u>	<u>\$ 68,800</u>

(Continued)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2005 AND 2004
(expressed in thousands)**

	Fund 0278 Income Tax Refund Fund	Fund 0343 Federal National Community Services Fund	Fund 0347 Employment and Training Fund	Fund 0408 DHS Special Purposes Trust Fund	Fund 0495 Old Age Survivors Insurance Fund	Fund 0502 Early Intervention Services Revolving Fund	Fund 0540 Electronic Benefits Transfers Fund
TOTAL 2005 RECEIPTS PER DEPARTMENT RECORDS	\$ 14,760	\$ 5,953	\$ 19,548	\$ 157,312	\$ 60,665	\$ 89,945	\$ 164,945
Deposits in transit, beginning of period	-	-	-	-	-	140	-
Deposits in transit, end of period	-	-	-	-	-	(84)	-
Adjustments to be made to Department records - miscellaneous	-	94	-	-	-	-	-
TOTAL 2005 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 14,760</u>	<u>\$ 6,047</u>	<u>\$ 19,548</u>	<u>\$ 157,312</u>	<u>\$ 60,665</u>	<u>\$ 90,001</u>	<u>\$ 164,945</u>
TOTAL 2004 RECEIPTS PER DEPARTMENT RECORDS	\$ 12,825	\$ 3,766	\$ 27,734	\$ 146,372	\$ 59,771	\$ 69,363	\$ 139,057
Deposits in transit, beginning of period	-	1	-	204	-	-	8,470
Deposits in transit, end of period	-	-	-	-	-	(140)	-
Adjustments to be made to Department records - miscellaneous	-	-	-	5,108	-	22	(520)
TOTAL 2004 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 12,825</u>	<u>\$ 3,767</u>	<u>\$ 27,734</u>	<u>\$ 151,684</u>	<u>\$ 59,771</u>	<u>\$ 69,245</u>	<u>\$ 147,007</u>

(Continued)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2005 AND 2004
(expressed in thousands)**

	Fund 0592 DHS Federal Projects Fund	Fund 0642 State Projects Fund	Fund 0646 Alcoholism and Substance Abuse Fund	Fund 0671 Illinois Equal Justice Fund	Fund 0672 Homeless Prevention Fund	Fund 0690 DHS Private Resources Fund	Fund 0700 U.S.D.A. Women, Infants and Children Fund	Fund 0798 Rehabilitation Services Elementary and Secondary Education Act Fund
TOTAL 2005 RECEIPTS PER DEPARTMENT RECORDS	\$ 18,779	\$ 1,321	\$ 7,746	\$ -	\$ -	\$ 276	\$ 247,547	\$ 697
Deposits in transit, beginning of period	15	-	-	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	12	-	-	-	-	-	-	(4)
TOTAL 2005 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 18,806</u>	<u>\$ 1,321</u>	<u>\$ 7,746</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276</u>	<u>\$ 247,547</u>	<u>\$ 693</u>
TOTAL 2004 RECEIPTS PER DEPARTMENT RECORDS	\$ 21,841	\$ 1,321	\$ 4,039	\$ 480	\$ 980	\$ 124	\$ 242,929	\$ 765
Deposits in transit, beginning of period	7	-	-	-	-	-	-	-
Deposits in transit, end of period	(15)	-	-	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	70	-	-	-	-	-	-	-
TOTAL 2004 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 21,903</u>	<u>\$ 1,321</u>	<u>\$ 4,039</u>	<u>\$ 480</u>	<u>\$ 980</u>	<u>\$ 124</u>	<u>\$ 242,929</u>	<u>\$ 765</u>

(Continued)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FISCAL YEARS ENDED JUNE 30, 2005 AND 2004
(expressed in thousands)**

	Fund 0872 Maternal and Child Health Services Block Grant Fund	Fund 0873 Preventive Health and Health Services Block Grant Fund	Fund 0876 Community Mental Health Services Block Grant Fund	Fund 0910 Youth Drug Abuse Prevention Fund	Fund 0911 Juvenile Justice Trust Fund	Fund 0921 DHS Recoveries Trust Fund	Fund 0935 Social Services Block Grant Fund	Total All Funds
TOTAL 2005 RECEIPTS PER DEPARTMENT RECORDS	\$ 21,602	\$ 157	\$ 17,095	\$ 421	\$ 8,153	\$ 14,676	\$ 77,735	\$ 1,832,663
Deposits in transit, beginning of period	-	-	-	2	-	294	-	2,270
Deposits in transit, end of period	-	-	-	(8)	-	(273)	-	(1,805)
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-	3	-	6
TOTAL 2005 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 21,602</u>	<u>\$ 157</u>	<u>\$ 17,095</u>	<u>\$ 415</u>	<u>\$ 8,153</u>	<u>\$ 14,700</u>	<u>\$ 77,735</u>	<u>\$ 1,833,134</u>
TOTAL 2004 RECEIPTS PER DEPARTMENT RECORDS	\$ 24,902	\$ 224	\$ 16,545	\$ 395	\$ 6,803	\$ 12,888	\$ 107,308	\$ 1,816,822
Deposits in transit, beginning of period	3,776	-	-	11	-	185	708	14,716
Deposits in transit, end of period	-	-	-	(2)	-	(294)	-	(2,270)
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-	-	1	(479)
TOTAL 2004 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 28,678</u>	<u>\$ 224</u>	<u>\$ 16,545</u>	<u>\$ 404</u>	<u>\$ 6,803</u>	<u>\$ 12,779</u>	<u>\$ 108,017</u>	<u>\$ 1,828,789</u>

(Concluded)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

COMPLIANCE EXAMINATION - CENTRAL OFFICE

NOTES ON FINANCIAL RELATED DATA

For the Years Ended June 30, 2005 and 2004

Introduction

The following comments relate to the operations of the Illinois Department of Human Services - Central Office for the years ended June 30, 2005 and 2004. The scope of our engagement includes a financial audit of the entire Illinois Department of Human Services for the year ended June 30, 2005 and for the year ended June 30, 2004 (issued under separate cover) and a compliance examination of the Central Office which included certain decentralized locations funded through appropriations to the Central Office for the two years ended June 30, 2005. Limited scope compliance examinations of individual Mental Health and Developmental Facilities, Center for Rehabilitation and Education – Roosevelt, and Schools for the Deaf or Visually Impaired have been conducted by other special assistant auditors for the two years ended June 30, 2005.

The following depicts the organizational structure of the Department as a whole at June 30, 2005:

Administration (Central Office):

- Budget
- Business Services
- Contract Administration
- Fiscal Services
- Human Resources
- Management Information Services
- Office of the General Counsel
- Community Relations
- Office of Legal Services
- Office of Inspector General
- Strategic Planning and Performance Management
- Hispanic/Latino Affairs
- Special Projects
- Compliance Access and Workplace Safety
- Civil Affairs
- Policy
- Procurement
- Grants Administration

Community Health and Prevention:

Office of Health Services
Office of Prevention

Human Capital Development:

Office of Employment and Training
Office of Child Care
Office of Family Support Services
Office of Program Support and Fiscal Management

Community Operations including Welfare to Work Performance and Outcome Measures

Mental Health and Developmental Disabilities Services:

Division of Developmental Disabilities
Division of Mental Health
Office of Clinical, Administrative and Program Support

Division of Alcoholism and Substance Abuse

Division of Rehabilitation Services

The financial information included herein for the Central Office was derived from the accounting records of the Department or was furnished by officials of the Department.

Explanation of Significant Variations in Expenditures

Schedules 3 and 4, "Schedule of Appropriations, Expenditures and Lapsed Balances" present information by fund and division within fund for the fiscal years ended June 30, 2005 and 2004. Schedule 5, "Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances" compares expenditures by fund and division within fund for both appropriated funds and nonappropriated funds for the divisions covered by the compliance examination.

The Department's explanation for significant fluctuations in expenditures as presented on Schedule 5 is detailed below (amounts expressed in thousands).

2003 to 2004

General Revenue Fund – 0001

Administrative and Program Support expenditures increased \$11,725 or 20.60% from fiscal year 2003 to 2004. This increase is due to increased spending for worker's compensation claims, tort claims, repair and maintenance expenditures, and refunds. Additionally, HIPAA and indirect cost principles expenditures were appropriated for the fund; this was not the case during fiscal year 2003.

Home Services Program expenditures increased \$46,310 or 17.19% from fiscal year 2003 to 2004. This increase is due to collective bargaining increases for Personal Assistant and Homemaker rates.

Program Administration/Disability - Behavior expenditures increased \$6,653 or 25.23% from fiscal year 2003 to 2004. This increase is due to increased costs for personal services and due to the pharmacy reorganization.

Vocational Rehabilitation Fund – 0081

Administrative and Program Support expenditures increased \$2,770 or 40.01% from fiscal year 2003 to 2004. This increase is due to increased costs for personal services and employer contributions for group insurance.

Federal National Community Services Fund – 0343

Community Health expenditures decreased \$2,881 or 43.15% from fiscal year 2003 to 2004. This decrease is due to the reduction in Federal AmeriCorp Competitive and Formula Awards.

Employment and Training Fund – 0347

Employment and Social Service Program expenditures increased \$21,656 or 344.62% from fiscal year 2003 to 2004 due to the addition of the Chicago Public Schools Grant and the Homeless Prevention Grant.

Drug Treatment Fund – 0368

Addiction Treatment expenditures increased \$2,000 or 66.67% from fiscal year 2003 to 2004. This increase is due to increased cash availability. The appropriation was increased due to the increased cash availability.

Early Intervention Services Revolving Fund – 0502

Community Youth Services expenditures increased \$24,210 or 28.40% from fiscal year 2003 to 2004. This increase is due to the growing program liability and the carryover of 2003 liabilities through a re-appropriation.

DHS Federal Projects Fund – 0592

Central Office Grants-in-aid expenditures increased \$5,600 or 155.38% from fiscal year 2003 to 2004. This increase is due to the addition of the TechConnect Low Interest Loans grant and the Access for Telework grant.

Community Mental Health Medicaid Trust Fund – 0718

Central Office Grants-in-aid expenditures increased \$25,429 or 43.56% from fiscal year 2003 to 2004. This increase is due to the Department's effort to maximize federal financial participation.

DHS Recoveries Trust Fund – 0921 (Non-Appropriated)

Distributive Items expenditures decreased \$4,103 or 24.41% from fiscal year 2003 to 2004. The decrease is due to reduced refunds to the federal government for prior Aid to Families with Dependent Children recoveries.

2004 to 2005

General Revenue Fund – 0001

Administrative and Program Support expenditures decreased \$22,712 or 33.08% from fiscal year 2004 to 2005. The decrease is due to the Lump Sum for Agency programs being eliminated. Additionally, expenditures for Contractual Services, HIPAA, repairs and maintenance, refunds, and worker's compensation decreased. The worker's compensation function was transferred to the Department of Central Management Services.

Management Information Service expenditures decreased \$8,891 or 17.90% from fiscal year 2004 to 2005. This decrease is due to the efficiency initiative payments paid from the appropriation during fiscal year 2004.

Mental Health Grants-in-aid and Purchase of Care (formerly known as Central Office Grants-in-Aid) expenditures decreased \$928,684 or 75.59% from fiscal year 2004 to 2005. This decrease is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased \$936,594 or 100.00% from fiscal year 2004 to 2005. This increase is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Disability/Behavioral Health Program Administration expenditures increased \$34,328 or 100.00% from fiscal year 2004 to 2005. This increase is due only to a change in the name of the division. It was formerly known as Program Administration/Disability – Behavior.

Community Youth Services expenditures increased \$62,097 or 153.81% from fiscal year 2004 to 2005 due to the inclusion of the Early Intervention appropriation. During prior years, the Early Intervention appropriations were included with the budget of the State Board of Education.

Mental Health Fund – 0050

Administrative and Program Support expenditures decreased \$15,573 or 95.02% from fiscal year 2004 to 2005. The decrease is due to the worker's compensation function and the appropriation being transferred to the Department of Central Management Services.

Central Office Grants-in-aid expenditures decreased \$9,506 or 100.00% from fiscal year 2004 to 2005. The decrease is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased \$9,585 or 100.00% from fiscal year 2004 to 2005. This increase is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Disability/Behavioral Health Program Administration expenditures increased \$3,090 or 201.30% from fiscal year 2004 to 2005. This increase is due to an increase in the lump sum appropriation for Support Services and due to the pharmacy reorganization.

Care Provider for Persons with Developmental Disabilities Fund – 0344

Central Office Grants-in-aid expenditures decreased \$35,763 or 100.00% from fiscal year 2004 to 2005. The decrease is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased \$35,981 or 100.00% from fiscal year 2004 to 2005. This increase is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Employment and Training Fund – 0347

Employment and Social Service Program expenditures decreased \$7,062 or 25.28% from fiscal year 2004 to 2005. The decrease is due to the decline in spending for grants to Chicago Public Schools and Homeless Prevention.

DHS Special Purposes Trust Fund – 0408

Employment and Social Service Program expenditures decreased \$9,873 or 45.29% from fiscal year 2004 to 2005. The decrease is due to a decline in the appropriation for Title XX Empowerment Zone Grants.

Early Intervention Services Revolving Fund – 0502

Community Youth Services expenditures increased \$16,826 or 15.37% from fiscal year 2004 to 2005. The increase is due to the growing program liability and the elimination of the reappropriation line for fiscal year 2006. Due to the elimination of the reappropriation, the fiscal year 2005 spending continued during lapse period.

DHS Federal Projects Fund – 0592

Central Office Grants-in-aid expenditures decreased \$9,204 or 100.00% from fiscal year 2004 to 2005. The decrease is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item. The decrease is also due to the TechConnect Low Interest Loans being a one time grant during fiscal year 2004.

Mental Health Grants-in-aid and Purchase of Care (formerly known as Central Office Grants-in-Aid) expenditures increased \$5,370 or 100.00% from fiscal year 2004 to 2005. This increase is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Alcoholism and Substance Abuse Fund – 0646

Addiction Treatment expenditures increased \$2,211 or 64.11% from fiscal year 2004 to 2005. The increase is due to the addition of the Screening and Brief Intervention Referral and Treatment Initiative Grant.

Community Mental Health Medicaid Trust Fund – 0718

Mental Health Grants-in-aid and Purchase of Care expenditures increased \$72,403 or 100.00% from fiscal year 2004 to 2005. This increase is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Central Office Grants-in-aid expenditures decreased \$83,806 or 100.00% from fiscal year 2004 to 2005. The decrease is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Community Mental Health Services Block Grant Fund – 0876

Mental Health Grants-in-aid and Purchase of Care expenditures increased \$16,110 or 100.00% from fiscal year 2004 to 2005. This increase is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

Central Office Grants-in-aid expenditures decreased \$15,637 or 100.00% from fiscal year 2004 to 2005. The decrease is due to the segregation of the mental health and developmental disabilities grants. In the years prior to 2005, the grants were combined in one line item.

DHS Recoveries Trust Fund – 0921 (Non-Appropriated)

Distributive Items expenditures decreased \$5,540 or 43.60% from fiscal year 2004 to 2005. The decrease is due to reduced refunds to the federal government for prior Aid to Families with Dependent Children recoveries.

Explanation of Significant Variations in Cash Receipts

A summary of cash receipts by fund by source is presented in Schedule 9, Comparative Schedule of Cash Receipts. The Department's explanation for significant fluctuations in cash receipts for each fund is detailed below (amounts expressed in thousands).

2003 to 2004

General Revenue Fund – 0001

TANF receipts decreased \$55,163 or 10.81% from fiscal year 2003 to 2004 due to a shifting of TANF deposits into other funds. Of this amount, \$12,825 was deposited in the 0278 Income Tax Refund Fund and an additional \$21,836 was deposited into the 0347 Employment and Training Fund. The remaining difference is due to a TANF transfer to Title XX in fiscal year 2004 that was transferred to the 0935 Social Services Block Grant Fund.

Chicago general assistance receipts decreased \$6,542 or 28.83% from fiscal year 2003 to 2004 due to new legislation implemented as of July 1, 2003 (305 ILCS 5/12-3). This legislation decreases the amount of funds by \$5,000 a year until it no longer provides any funds for public aid purposes under Article VI.

Child Care Development Block Grant receipts increased \$33,925 or 58.57% from fiscal year 2003 to 2004 due to more accurate depositing of funds into the General Revenue Fund vs. the 0408 DHS Special Purposes Trust Fund. In the past, more money had been deposited in the 0408 fund resulting in a due to/from relationship for Child Care dollars from 0408 to the General Revenue Fund. In addition, the grant award increased by approximately \$6,000.

Mental Health Fund – 0050

Patient care reimbursements and miscellaneous collections decreased \$7,075 or 22.66% from fiscal year 2003 to 2004. This is a result of a Medicare settlement received in fiscal year 2003 and none received in fiscal year 2004. In addition, there was a decrease due to closure of the Lincoln Developmental Center and the Zeller Mental Health Center.

Vocational Rehabilitation Fund – 0081

Federal – U.S. Department of Health and Human Services receipts decreased \$2,159 or 41.25% from fiscal year 2003 to 2004. This is due to a delay in submitting the required information to the Social Security Administration to enable them to establish a rate for the case closure incentive.

Income Tax Refund Fund – 0278

Federal – TANF grant receipts increased \$12,825 or 100.00% from fiscal year 2003 to 2004. This is due to fiscal year 2004 being the first year that TANF receipts were deposited into this fund.

Federal National Community Services Fund – 0343

National Community Services receipts decreased \$2,056 or 35.31% from fiscal year 2003 to 2004. This decrease is a result of reductions in the amount of the Federal AmeriCorps Competitive grant.

Employment and Training Fund – 0347

Federal – TANF grant receipts increased \$21,836 or 379.36% from fiscal year 2003 to 2004. In 2004, there was a decision to start paying more TANF employment and training needs from the 0347 fund resulting in the necessary draws to cover the expenditures.

DHS Special Purposes Trust Fund – 0408

Family violence receipts increased \$2,083 or 126.70% from fiscal year 2003 to 2004. This is due to a clean up of the federal fiscal year 2002 and 2003 grant awards.

Child care receipts decreased \$27,179 or 18.65% from fiscal year 2003 to 2004. As noted in the General Revenue Fund explanations, there was an issue of the inconsistency in depositing Child Care funds in the General Revenue Fund vs. the DHS Special Purposes Trust Fund in the past.

Early Intervention Services Revolving Fund – 0502

Federal – U.S. Department of Education decreased \$13,744 or 90.04% from fiscal year 2003 to 2004. The decrease is due to a variety of reasons including the cash balance that was in the fund during the time period that did not require the need for draws during fiscal year 2004. In addition, due to some problems in prior fiscal years in getting the grant application approved, there was a relatively short time period in which to draw the fiscal year 2004 Federal dollars to avoid lapsing the grant funds. In addition, Early Intervention expenditures are now being used for additional purposes such as Title XX and Maternal and Child Health Block Grant Match thus tightening the control on these expenditures.

Electronic Benefits Transfer Fund – 0540

AABD receipts decreased \$4,197 or 15.05% from fiscal year 2003 to fiscal year 2004 due to a timing difference as well as a slight decrease in the AABD headcount from fiscal year 2003 to fiscal year 2004.

TANF receipts decreased \$26,628 or 20.69% from fiscal year 2003 to 2004. This reflects the Department's success in decreasing TANF caseloads.

Employability development services increased \$1,397 or 87.53% from fiscal year 2003 to 2004. This reflects the Department's shift in TANF caseloads to employment programs.

Transitional assistance receipts decreased \$2,588 or 31.10% from fiscal year 2003 to 2004. This is due to a decrease in General Assistance clients receiving benefits.

DHS Federal Projects Fund – 0592

Federal – U.S. Department of Education receipts increased \$4,952 or 100.00% from fiscal year 2003 to 2004. The Department received a grant for the Tech Connect Low Interest Loan Program in fiscal year 2004 as well as a grant for Rehabilitation Service Demo and Training Programs. Neither of these grants was received in fiscal year 2003.

Alcoholism and Substance Abuse Fund – 0646

Federal – U.S. Department of Health and Human Services receipts decreased \$1,739 or 41.34% from fiscal year 2003 to 2004. The providers did not timely submit bills causing an increase in lapse period spending for CFDA # 93.230. The receipts covering the lapse period spending will be reflected in fiscal year 2005.

U.S.D.A. Women, Infants and Children Fund – 0700

Infant formula rebates increased \$9,211 or 15.97% from fiscal year 2003 to 2004 due to timing differences. The formula rebate remained at approximately \$5,000 per month.

Juvenile Justice Trust Fund – 0911

Federal – U.S. Department of Justice receipts increased \$2,478 or 57.29% from fiscal year 2003 to 2004. This is a result of an increase in the grant award for the Juvenile Justice and Program Delinquency Prevention grant during fiscal year 2004.

DHS Recoveries Trust Fund – 0921

IRS collections from non-public assistance clients increased \$1,042 or 83.36% from fiscal year 2003 to 2004. The increase is due to the increase in the number of individuals working that are paying amounts owed for excess public assistance.

Social Services Block Grant Fund – 0935

The \$23,804 or 28.51% increase in Title XX is due to the TANF/Title XX transfer as noted in the explanations to the General Revenue Fund.

2004 to 2005

General Revenue Fund – 0001

Food stamp receipts decreased \$12,523 or 15.94% from fiscal year 2004 to 2005. This is due to a shift in funding for Food Stamps from the General Revenue Fund to the 0408 DHS Special Purposes Trust Fund.

Child Care Development Block Grant receipts decreased \$19,443 or 21.17% from fiscal year 2004 to 2005 due partially to a shift in funding from the General Revenue Fund to the 0408 DHS Special Purposes Trust Fund. Additional causes are due to timing differences and a decrease in grant awards made available from the federal government.

Employment and training receipts increased \$1,761. There were no receipts prior to 2005. Funds were transferred from the Employment and Training Fund – 0347 for the Job Opportunities and Basic Skills Training program.

Vocational Rehabilitation Fund – 0081

Federal – U.S. Department of Health and Human Services receipts increased \$1,029 or 33.46% from fiscal year 2004 to 2005. This is due partially to the Department's claims being processed more expediently by the grantor. It was also found that a month's worth of claims which likely would have been reviewed and allowed for State fiscal year 2004 were lost in the mail. These claims were resubmitted and allowed in fiscal year 2005; thereby, shifting receipts which could have been expected in the prior year to fiscal year 2005.

Income Tax Refund Fund – 0278

Federal – TANF grant receipts increased \$1,935 or 15.09% from fiscal year 2004 to 2005. This is due to more TANF dollars being used to pay Earned Income Tax Credit refunds.

Federal National Community Services Fund – 0343

National Community Services receipts increased \$2,187 or 58.07% from fiscal year 2004 to 2005. This is due to timing differences in payments from year to year causing Federal draws to fluctuate. The monthly average remained stable, however.

Employment and Training Fund – 0347

Federal – TANF grant receipts decreased \$8,175 or 29.63% from fiscal year 2004 to 2005. This is due to not receiving money to cover a teen pregnancy program for the Chicago Public Schools in fiscal year 2005, which was funded in fiscal year 2004.

DHS Special Purposes Trust Fund – 0408

Federal – U.S. Department of Agriculture – multiple grants increased \$9,288 or 70.65% from fiscal year 2004 to 2005. This is due to a shift in funding from the General Revenue Fund to the 0408 DHS Special Purposes Trust Fund.

Federal from other State agencies receipts decreased \$1,643 or 91.79% from fiscal year 2004 to 2005. Expenditures incurred under the Refugee and Entrant Assistance – Discretionary Grants and reimbursable from the State Board of Education decreased substantially.

Family violence receipts decreased \$1,926 or 51.68% from fiscal year 2004 to 2005. This is due to timing differences. Overall payments varied little from fiscal year 2004 to fiscal year 2005. The receipts varied due to the funds used and the timing of lapse period payments from fiscal year 2004 to fiscal year 2005.

Early Intervention Services Revolving Fund – 0502

General Revenue Fund receipts increased \$61,192 or 100.00% from fiscal year 2004 to 2005. This is due to the change in the appropriation to fund Early Intervention Services from the Illinois State Board of Education to the Department's General Revenue Fund appropriations in fiscal year 2005.

State Board of Education receipts decreased \$64,387 or 99.90% from fiscal year 2004 to 2005. This is due to the change in the appropriation to fund Early Intervention Services from the Illinois State Board of Education to the Department's General Revenue Fund appropriations in fiscal year 2005.

Federal – U.S. Department of Education receipts increased \$23,598 or 1,551.48% from fiscal year 2004 to 2005. The increase is due to a variety of reasons including the cash balance that was in the fund during the time period that required the increased need for draws during fiscal year 2005. In addition, due to some problems in prior fiscal years in getting the grant application approved, there was a need to draw in some Federal dollars prior to expiration of the grant awards.

Electronic Benefits Transfer Fund – 0540

TANF receipts increased \$20,887 or 20.46% from fiscal year 2004 to 2005. This is due to an increase in the number of TANF clients, which had been decreasing over the past few years. Also the amount per household increased, but the actual payment levels (per individual) remained the same.

Transitional assistance receipts increased \$3,381 or 58.96% from fiscal year 2004 to 2005. This is due to an increase in General Assistance clients receiving benefits.

DHS Federal Projects Fund – 0592

Federal – U.S. Department of Health and Human Services receipts increased \$2,920 or 19.96% from fiscal year 2004 to 2005. This is due to the timing of the draws being made on an as needed basis when expenditures are made.

Federal – U.S. Department of Education receipts decreased \$4,927 or 99.50% from fiscal year 2004 to 2005. The Department received a grant for the Tech Connect Low Interest Loan Program in fiscal year 2004 as well as a grant for Rehabilitation Service Demo and Training Programs. Neither of these grants were received in fiscal year 2005.

Alcoholism and Substance Abuse Fund – 0646

Federal – U.S. Department of Health and Human Services receipts increased \$3,272 or 132.58% from fiscal year 2004 to 2005. This is due to the Screening and Brief Intervention Referral and Treatment for Individuals with Addiction Disorder (SBIRT) grant. The project was a new program, which began in State fiscal year 2004, but did not get off of the ground until State fiscal year 2005.

Maternal and Child Health Services Block Grant Fund – 0872

Federal – U.S. Department of Health and Human Services Block Grant receipts decreased \$3,300 or 13.25% from fiscal year 2004 to 2005. This is due to the Perinatal program moving from DHS to DPH in fiscal year 2005.

Juvenile Justice Trust Fund – 0911

Federal – U.S. Department of Justice receipts increased \$1,350 or 19.84% from fiscal year 2004 to 2005. This is due to a clean up of older grant awards before the grant awards expired.

Social Services Block Grant Fund – 0935

Federal – U.S. Department of Health and Human Services Title XX Block Grant receipts decreased \$29,573 or 27.56% from fiscal year 2004 to 2005. This is due to the transfer of TANF to Title XX that occurred in fiscal year 2004. There is a transfer for fiscal year 2005 but it did not get posted prior to the end of the fiscal year 2005.

Analysis of Significant Lapse Period Spending

The Department's explanation for significant fluctuations in lapse period expenditures is detailed below (amounts expressed in thousands).

Fiscal Year 2004

General Revenue Fund – 0001

Administrative and Program Support lapse period expenditures totaled \$13,608 or 19.82% of total expenditures for fiscal year 2004. Payments were made during lapse period for compliance with the Health Insurance Portability and Accountability Act, worker's compensation claims, lawsuits, and for audit disallowances.

Management Information Service lapse period expenditures totaled \$7,435 or 14.97% of total expenditures for fiscal year 2004. The majority of the lapse expenditures are attributed to the timing and receipt of goods, services, and invoices from the Department's vendors, including Central Management Services. Items are not paid for until received, verified, and proper signatures are secured on the invoices.

Rehabilitation Service Bureaus lapse period expenditures totaled \$3,211 or 17.37% of total expenditures for fiscal year 2004. Case service payments are paid from various appropriations including some that are eligible for federal reimbursement. These funds were utilized more towards the end of the year than in prior years because of the availability of other sources of funds.

Community Mental Health Medicaid Trust Fund – 0718

Central Office Grants-in-aid lapse period expenditures totaled \$16,799 or 20.05% of total expenditures for fiscal year 2004. Expenditures were based on cash availability. The cash was available due to the Department's effort to maximize federal financial participation and a statutory change.

Local Initiative Fund – 0762

Employment and Social Service Programs lapse period expenditures totaled \$3,662 or 17.35% of total expenditures for fiscal year 2004. Expenditures were made near year-end to maximize federal funding after consideration of alternative appropriations and eligibility of services provided.

Maternal and Child Health Services Block Grant Fund – 0872

Community Health lapse period expenditures totaled \$4,091 or 17.70% of total expenditures for fiscal year 2004. A portion of fund 0872 funds are issued in grants that include several appropriations. It was the practice in fiscal year 2004 to expend the other appropriations first, and make the last payments from the 0872 fund. For this reason, and the way grants are paid in the Division, lapse period expenditures in the 0872 fund make up a significant portion of expenditures from this fund.

Fiscal Year 2005

General Revenue Fund – 0001

Administrative and Program Support lapse period expenditures totaled \$7,926 or 17.25% of total expenditures for fiscal year 2005. A supplemental appropriation was passed to cover lawsuit settlements.

Management Information Service lapse period expenditures totaled \$6,107 or 14.97% of total expenditures for fiscal year 2005. The majority of the lapse expenditures are attributed to the timing and receipt of goods, services, and invoices from the Department's vendors, including Central Management Services. Items are not paid for until received, verified, and proper signatures are secured on the invoices.

Maternal and Child Health Services Block Grant Fund – 0872

Community Health lapse period expenditures totaled \$3,395 or 16.29% of total expenditures for fiscal year 2005. A portion of fund 0872 funds are issued in grants that include several appropriations. It was the practice in fiscal year 2005 to expend the other appropriations first, and make the last payments from the 0872 fund. For this reason, and the way grants are paid in the Division, lapse period expenditures in the 0872 fund make up a significant portion of expenditures from this fund.

Analysis of Changes in State Property

Schedule 8, the Schedule of Changes in Property and Equipment – Central Office summarizes changes in the Department’s fixed assets during fiscal years 2005 and 2004 only for the Central Office.

During fiscal years 2005 and 2004 the majority of additions to the property control system for the Central Office were for the purchase of computer equipment and other computer related peripheral equipment such as printers, servers and software. Reductions to the property control system for fiscal years 2005 and 2004 were attributable to computer equipment and major moveable equipment reported as surplus to the Department of Central Management Services. Other reductions in property equipment were due to retirements, transfers of property out and other deletions.

Analysis of Accounts Receivable

Receivables of the Department consist of reimbursements or formula allocation amounts due to the Department for administration of federal grant awards, recoveries of public assistance grant funds, recipient services and rebates. The principal federal grantor agencies are the U.S. Departments of Health and Human Services, Education, and Agriculture, and the Social Security Administration. In addition to routine collection processes, the Department utilizes private collection services and the Comptroller’s Treasury Offset System to collect receivables.

Other receivables, net, include an allowance for uncollectibles of \$436,188 and \$447,799 (expressed in thousands) for fiscal years 2005 and 2004, respectively. Loans and notes receivable, net, include an allowance for uncollectibles of \$30 and \$49 (expressed in thousands) for fiscal years 2005 and 2004, respectively. The amounts due from other funds are amounts due from other State agencies and are all considered fully collectible.

The following is a schedule of receivable balances (expressed in thousands) at June 30, 2005 and 2004, respectively.

	<u>Total</u> <u>June 30, 2005</u>	<u>Total</u> <u>June 30, 2004</u>
Taxes receivable, net	\$ 384	\$ 459
Due from other government – federal	195,853	95,651
Due from other government – local	3,349	4,428
Other receivables, net	37,421	38,093
Due from other State funds	687	786
Loans and note receivable, net	<u>80</u>	<u>64</u>
	<u>\$ 237,774</u>	<u>\$ 139,481</u>

Analysis of Indirect Cost Reimbursements

The Illinois Department of Human Services claims indirect costs for the grant programs in two different ways. The Department has two cost plans. One is a Public Assistance Cost Allocation Plan (PACAP) approved by the U.S. Department of Health and Human Services, Division of Cost Allocation effective for State fiscal year 2004. This plan represents the direct costs for the Department. The second cost plan is a Department Indirect Cost Allocation Plan (DICAP) approved by the U.S. Department of Health and Human Services effective for State fiscal years 2001 and 2002. The implementation of both cost plans assures that cost recovery for federal grants is maximized.

The DICAP is compiled for a given State fiscal year after the close of the State fiscal year. The costs from the annual DICAP are added to the PACAP allocations each quarter. The PACAP allocations reflect the current quarter expenditures and charges to the respective grant programs. The annual DICAP amount(s) is added to the current PACAP in a quarterly allocation amount.

The process for indirect cost recovery is as described above for all Department grant programs except the Social Security Administration Disability Determination Program and the Division of Rehabilitation Services Vocational Rehabilitation Program. The costs compiled in the DICAP attributable to these two areas/programs are converted to an indirect rate and applied to the direct personal services cost pool to derive the indirect costs for these two respective areas. The federal agencies responsible for these two areas of the Department have required indirect rates rather than indirect amounts as calculated in the above described process.

The following are the indirect cost reimbursements deposited by the Department for the fiscal years ended June 30, 2004 and 2005:

Fiscal Year 2005

Program

Food Stamp Program	\$ 19,348,261
Temporary Assistance for Needy Families (TANF)	6,576,055
Child Care Development Fund	5,750,957
Social Service Block Grant (SSA, Title XX)	1,451,469
Substance Abuse Prevention and Treatment Block Grant	581,566
Supplemental Nutrition Program for Women, Infants and Children (WIC)	766,768
Maternal and Child Health Block Grant (SSA, Title V)	487,514
Social Security Disability Program (SSA, sec. 221(b))	2,817,770
Vocational Rehabilitation	6,229,542

Fiscal Year 2004

Program

Food Stamp Program	\$ 20,176,601
Temporary Assistance for Needy Families (TANF)	10,605,103
Child Care Development Fund	6,329,417
Social Service Block Grant (SSA, Title XX)	1,179,133
Substance Abuse Prevention and Treatment Block Grant	630,803
Supplemental Nutrition Program for Women, Infants and Children (WIC)	887,039
Maternal and Child Health Block Grant (SSA, Title V)	766,803
Social Security Disability Program (SSA, sec. 221(b))	1,840,716
Vocational Rehabilitation	6,754,654

Other Central Office Appropriations

The scope of the engagement included testing of the Illinois Center for Rehabilitation and Education-Wood (ICRE-Wood) facility. The Department expended \$2,367,931 and \$2,408,821 during fiscal years 2004 and 2005, respectively. Expenditure detail is as follows:

	<u>2005</u>	<u>2004</u>
General Revenue Fund – 0001		
Administrative and Program Support	\$ 7,964	\$ -
Rehabilitation Service Bureaus	288,483	323,859
Community and Resident Services for Blind and Visually Impaired	58,016	14,660
Rehabilitation and Education Centers	<u>3,071</u>	<u>1,389</u>
Total General Fund Revenue	<u>357,534</u>	<u>339,908</u>
Vocational Rehabilitation Fund – 0081		
Rehabilitation Service Bureaus	<u>2,010,397</u>	<u>2,068,913</u>
Total Vocational Rehabilitation Fund	<u>2,010,397</u>	<u>2,068,913</u>
 Total All Funds	 <u>\$ 2,367,931</u>	 <u>\$ 2,408,821</u>

The scope of the engagement included testing of Lincoln Developmental Center. The Department expended a total of \$759,348 during fiscal year 2005. During fiscal year 2004, expenditures were vouchered from the Administrative and Program Support appropriations. All expenditures were from the General Revenue Fund.

The scope of the engagement also included testing of the Treatment and Detention Facility. The Department expended \$15,998,087 during fiscal year 2004 and \$17,446,853 during fiscal year 2004. Expenditures were made from the General Revenue Fund.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

COMPLIANCE EXAMINATION – CENTRAL OFFICE

DEPARTMENT FUNCTIONS AND PLANNING PROGRAM

For the Years Ended June 30, 2005 and 2004

Illinois House Bill 2632 created the Illinois Department of Human Services which in 1997 consolidated the Departments of Alcoholism and Substance Abuse, Mental Health and Developmental Disabilities, and Rehabilitation Services, along with the client-centered services provided through the Departments of Children and Family Services, Public Aid and Public Health. DHS established as its primary mission to assist Illinois residents to achieve self-sufficiency, independence and health, to the maximum extent possible, by providing integrated family-oriented services, promoting prevention and establishing measurable outcomes, in partnerships with communities. The current Secretary for the Department of Human Services is Carol L. Adams, Ph.D.

The Department's mission is carried out through the following divisions: Community Health and Prevention, Community Operations, Mental Health and Developmental Disabilities, Human Capital Development, Alcoholism and Substance Abuse, and Rehabilitation Services. DHS is the largest agency in the State with an average headcount of almost 15,000 for the period ending June 30, 2005.

Department Planning Process

The Department of Human Services is required by 20 ILCS 10 to submit an annual plan which includes a description of DHS programs, program objectives, qualitative and quantitative data on accomplishments and expenditures, a family impact statement and an analysis of legislation or court decisions which may affect service delivery. The Department has developed Human Service Plans through fiscal year 2006. All DHS divisions and offices work toward the accomplishment of the Department's overall Human Services Plan.

Department accomplishments throughout fiscal years 2004 and 2005 include:

- As of January 2005, there were a total of 42,429 cases for Temporary Assistance for Needy Families (TANF).
- Since July 1997, the total number of TANF cases that have been canceled due to improved earnings increased to 205,283. Only 436 cases have lost assistance as of January 2005 because they reached the 60-month time limit.

- The Department implemented changes in the organizational structure to provide a Family Community Resource Center. Customer service was enhanced by a variety of technological advances that include online applications, online benefit calculators, automated 24-hour child care billing system via telephone, online information for providers, and continued enhancements in the toll-free help line automated information.
- The Illinois Link Electronic Benefits Transfer (EBT) Program is the distribution method for all Food Stamp benefits and the majority of all cash assistance benefits issued by the Department of Human Services. The Illinois Link Program is considered to be one of the best EBT programs in the nation by the United States Department of Agriculture. In fiscal year 2004, almost \$1.3 billion dollars in Food Stamps and \$200 million in cash benefits were distributed by the Illinois Link Program.
- Illinois has made progress in the reduction of infant mortality. The State infant mortality rate has declined by 25 percent in the last 10 years. The programs and services of the Community Health and Prevention's Office of Family Health have been responsible for much of this progress.
- Two of the most important strategies that the Office of Family Health uses to reduce the State's infant mortality rate are the Family Case Management program and the WIC program. The Family Case Management program helps low-income families access the health and social services they need. The WIC program provides nutrition education and supplemental foods. The Office of Family Health has been working to integrate the delivery of these two programs at the community level so that more Medicaid-eligible pregnant women and infants benefit from these services.
- In fiscal year 2002, this integrated system served 43 percent of all pregnant women and more than 83 percent of all Medicaid-eligible pregnant women. Together, these programs served more than 508,250 women and children in State fiscal year 2004. Among those who participate in both WIC and Family Case Management:
 - The rate of premature birth is more than 67 percent lower;
 - The rate of low birth weight is more than 41 percent lower;
 - The rate of infant mortality is more than 69 percent lower; and
 - Health care expenditures during the first year of life are more than 32 percent lower.
- In September 2001, the Division of Community Health and Prevention's Office of Family Health, in cooperation with the Illinois Department of Public Health's Immunization Program, introduced the WIC-Immunization Initiative to improve child health. Full immunization levels have increased among children less than age two by 24 percent and among children less than age three by 36 percent since the start of this campaign.

- Immunization status is routinely measured for groups of children in the WIC program - those between one and two years of age and those between two and three years of age - to see how many children have received all of the immunizations they should receive before age two and age three. In August 2001, 58 percent of the children in the WIC program had a complete immunization series by age two and 43 percent had a complete immunization series by age three. By September 2004, these rates had increased to 87 percent among two-year-olds and 76 percent among three-year-olds.
- Since its inception in 1998, the Teen Responsibility, Education, Achievement, Caring, and Hope (REACH) program has served over 50,000 youth. Teen REACH responds to the ever-increasing need for out-of-school time programs by offering services to high-risk youth between the ages of six and 17. Through prevention focused out-of-school time activities, Teen REACH programs seek to expand the range of choices and opportunities that enable, empower, and encourage youth to achieve positive growth and development, improve expectations and capacities for future success and avoid and/or reduce risk-taking behavior.
- Evaluation results demonstrate that grade improvements in math and language arts have been consistently achieved by about 25 percent of regularly attending Teen REACH program participants. Additionally, approximately 40 percent of regularly attending youth have maintained their grades. Also, regular participation in Teen REACH appears to reduce violent behaviors, while providing regular opportunities to reinforce self-esteem and self-worth.
- Substance abuse prevention efforts in Illinois demonstrate positive results. Key findings from the Illinois Youth Survey demonstrate a decrease in substance use among 8th and 10th grade students. The decrease in substance use among Illinois 8th grade youth found in the previous (2000) Illinois Youth Survey continued in 2002 and spread to the 10th grade as the former 8th grade youth moved into high school. The percentages of 8th and 10th grade youth using alcohol, tobacco, smokeless tobacco, or hallucinogens in the past month were lower in 2002 than in any other previous survey in the 12-year history of the Illinois Youth survey.
- The Department implemented an aggressive program of performance monitoring and performance contracting, along with policy adjustments to address specific program problems. The result has been improved service delivery in a number of important areas. This has included the following:
 - Reduced the average time between when a referral is received and services are approved from 73.5 days in February 2002 to 30.6 days in December 2004.
 - Improved the proportion of initial service plans started within the federally mandated 45-days from 31.3% during fiscal year 2002 to 93.4% in December 2004.
 - Improved the proportion of children receiving a completed transition out of the program at age 3 from just 57.5% in fiscal year 2002 to 97% in December 2004.
 - After a steep downturn in the first half of fiscal year 2002, increased the number of children receiving services through approved plans from 9,876 at the end of January 2002 to 15,573 at the end of December 2004.

- Illinois Food Stamp Error Rate steadily declined from a high of 14.79% in federal fiscal year 1999 to 4.87% in federal fiscal year 2003, reflecting an overall increase in the accuracy rate of benefits provided to its residents. Illinois was awarded \$4.3 million for improvement in reducing its error rate from 8.26% in federal fiscal year 2002 to 4.87% in federal fiscal year 2003. This represents the lowest error rate, which means the highest accuracy rate, in over 25 years for the Food Stamp program in Illinois. Additionally, DHS was awarded over \$967,000 in a grant from the US Department of Agriculture to further improve Food Stamp participation among low income families.
- Under terms of a waiver granted to the Department by the U.S. Department of Agriculture in fiscal year 2001, DHS was able to design a Food Stamp Employment and Training (FSE&T) program that provided more comprehensive and relevant services and employment activities for able-bodied adults without dependents. Evaluation of the waiver required by USDA found that the median length of FSE&T participation was four months. Average quarterly earnings increased steadily after entry to FSE&T, from \$1,100 during the quarter of entry to a high of \$2,122 one year later. The waiver enabled many FSE&T participants to have job search and job readiness experiences prior to a work experience assignment. The total expenditures and cost per participant have declined since implementation of the waiver.
- The Department has a child care plan under which Illinois families no longer must fit a particular category to receive a subsidy, and there are no time limits or subsidy waiting lists. All Illinois families that earn below 50 percent of the State's median income for its family size are eligible. Every month, approximately 200,000 children are provided with childcare through this program at an annual cost of approximately \$700 million. Both state and federal dollars are combined to provide this service.
- There were 1,791,499 persons receiving Medicaid assistance in early January 2005. The Department of Human Services worked with the Department of Public Aid to revise Medicaid policy to no longer stop eligibility upon admission to a State-operated Psychiatric Facility. This policy change was the cornerstone on which the Medicaid Accessibility and Outreach initiative was built to increase Medicaid applications and approvals from State-operated Psychiatric Facilities, Community Hospitals under contract with the Division of Mental Health of the Department to provide psychiatric care, and local mental health community agencies across the state. The initiative will also increase Medicaid pharmaceutical claiming for patients discharged from State-operated Psychiatric Facilities and improve the continuity of their care as they move to community settings. An estimated 2,300 Medicaid applications from State-operated Psychiatric Facilities and Community Hospitals are expected to be received during State fiscal year 2005.

The Department's planning programs appear adequate for its needs.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

COMPLIANCE AUDIT - CENTRAL OFFICE

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2005, 2004 and 2003

Number of employees by division are presented as follows as of June 30:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Division of Administrative Services			
Secretary's Office	30	20	7
Associate Secretary	2	2	0
Assistant for Special Projects	1	1	1
Office of Contract Administration	22	24	23
Strategic Planning and Performance Management	6	7	2
Management Information Services	143	263	271
Office of Fiscal Services	127	132	130
Office of Budget	14	14	17
Hispanic/Latino Affairs	6	7	7
Office of Business Affairs	129	165	176
Office of Human Resources	107	131	147
Assistant Secretary – Springfield	3	3	1
Associate Secretary – Early Intervention	0	0	11
Office of Inspector General	59	57	55
Office of Internal Audit	0	0	14
Office of Compliance Access and Workplace Safety	39	36	38
Office of Legal Services	61	67	60
Office of Press/Communications	5	8	6
Office of Legislation	<u>10</u>	<u>8</u>	<u>6</u>
Total Division of Administrative Services	<u>764</u>	<u>945</u>	<u>972</u>
Division of Community Health and Prevention			
Community Health and Prevention	74	77	69
Maternal Child Health and Medical Program Prevention	95	96	98
	<u>25</u>	<u>32</u>	<u>31</u>
Total Division of Community Health and Prevention	<u>194</u>	<u>205</u>	<u>198</u>

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

COMPLIANCE AUDIT - CENTRAL OFFICE

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2005, 2004 and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Division of Human Capital Development			
Transitional Services	3	2	2
Office of Food Stamp Employability	49	60	64
Office of Child Care and Family Services	78	87	84
Office of Financial Support Services	<u>16</u>	<u>28</u>	<u>30</u>
Total Division of Transitional Services	<u>146</u>	<u>177</u>	<u>180</u>
Division of Disability and Behavioral Health Services			
Office of Alcoholism and Substance Abuse	58	68	71
Rehabilitation Service Administration	118	124	127
Illinois School for the Deaf	241	236	234
Rehab/Education CTR - Roosevelt	69	69	66
Illinois School – Visual Impaired	127	127	129
Bureau of Field Operations	7	7	6
Bureau of Field Services – Zone A	203	211	193
Bureau of Field Services – Zone B	149	160	151
Bureau of Field Services – Zone C	147	159	151
Blind Services Administration	30	31	28
Rehab/Education CTR – Wood	27	24	24
Blind Services Region I	16	17	17
Blind Services Region II	15	13	9
Blind Services Region III	13	12	10
Blind Services Region IV	16	14	12
Blind Services Region V	0	8	8
Disability Determination Service	530	524	493
DD and MH Services	21	16	15
DD Central Administration	76	69	74
Fox Developmental Center	249	273	263
Howe Developmental Center	826	867	945

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

COMPLIANCE AUDIT - CENTRAL OFFICE

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2005, 2004 and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Division of Disability and Behavioral Health Services – Continued			
Jacksonville Developmental Center	479	501	511
Ann M. Kiley Developmental Center	411	413	418
Lincoln Developmental Center	0	0	2
Ludeman Developmental Center	655	665	677
Mabley Developmental Center	171	170	159
Murray Developmental Center	545	569	565
Shapiro Developmental Center	1,203	1,205	1,234
Mental Health Central Office	62	55	56
Alton MH and DD Center	256	262	239
Chester Mental Health Center	518	494	468
Chicago-Read Mental Health Center	359	388	419
Choate MH and DD Center	530	524	489
Elgin Mental Health Center	850	878	972
Madden Mental Health Center	308	312	345
McFarland Mental Health Center	216	221	236
Singer MH and DD Center	172	176	187
Tinley Park Mental Health Center	219	295	297
North Central Network	8	8	9
Treatment and Detention Facility	162	164	174
Clinical Administrative and Program Support	<u>55</u>	<u>49</u>	<u>45</u>
 Total Division of Disability and Behavioral Health Services	 <u>10,117</u>	 <u>10,378</u>	 <u>10,528</u>

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

COMPLIANCE AUDIT - CENTRAL OFFICE

SCHEDULE OF NUMBER OF EMPLOYEES

For the Years Ended June 30, 2005, 2004 and 2003

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Division of Community Operations			
Division of Community Operations	3	3	3
Region I	1,786	1,949	2,033
Region II	542	522	497
Region III	334	336	334
Region IV	251	278	272
Region V	389	408	411
Service Delivery and Community Outreach	26	38	39
Management and Field Service	63	90	98
Welfare to Work Performance Management	<u>36</u>	<u>55</u>	<u>56</u>
Total Division of Community Operations	<u>3,430</u>	<u>3,679</u>	<u>3,743</u>
GRAND TOTAL	<u>14,651</u>	<u>15,384</u>	<u>15,621</u>

Note: This schedule includes employees for the entire Illinois Department of Human Services including individual Mental Health and Developmental Facilities, Centers for Rehabilitation and Education, and Schools for Deaf or Visually Impaired.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2005 and 2004

Certain employees are eligible for overtime if the hours worked during a week exceed the standard workweek hours. The standard workweek hours range from 37 ½ to 40 depending on an employee's job classification. In most cases, employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. A supervisor must approve all overtime. Certain employees may receive compensatory time off in lieu of pay depending on the position classification of the employee's job title.

The following table, prepared from Department records, presents the paid overtime and earned compensatory time incurred during fiscal years 2005 and 2004.

Year Ended June 30, 2005

Central Office / Division	Overtime Hours Paid	\$ Value Overtime Hours Paid	Compensatory Hours Accumulated	\$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total \$ Value Of Overtime & Compensatory Hours
Field Level Operations	39,378	\$ 1,294,983	503	\$ 10,955	39,881	\$ 1,305,938
Administration and Program Support	4,436	128,867	716	15,487	5,152	144,354
Management Information Service	5,422	209,602	3,603	96,998	9,025	306,600
Disability Determination Services Bureau	54,235	1,915,550	-	-	54,235	1,915,550
Home Services Program	54	1,285	90	2,092	144	3,377
Inspector General	574	16,273	361	9,153	935	25,426
Developmental Disabilities Grants-in-aid and Purchase of Care	197	6,750	248	7,525	445	14,275
Addiction Treatment	11	279	27	689	38	968
Lincoln Developmental Center	591	26,120	-	-	591	26,120
Rehabilitation Service Bureaus	1,336	36,131	2,155	47,733	3,491	83,864
Child Care Services	318	9,587	90	2,111	408	11,698
Disability/Behavioral Health Program Administration	112	3,997	7	185	119	4,182
Treatment/Detention Sexually Violent Persons	32,606	833,846	3,510	65,769	36,116	899,615
Community and Resident Services for Blind and Visually Impaired	654	24,790	579	15,293	1,233	40,083
Employment and Social Service Program	23	549	11	210	34	759
Community Health	1	8	66	1,333	67	1,341
Community Youth Services	10	240	21	517	31	757
Community Health - other	-	-	20	429	20	429
Total Central Office	139,958	\$ 4,508,857	12,007	\$ 276,479	151,965	\$ 4,785,336

(Continued)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2005 and 2004

Year Ended June 30, 2005

Facilities	Overtime Hours Paid	\$ Value Overtime Hours Paid	Compensatory Hours Accumulated	\$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total \$ Value Of Overtime & Compensatory Hours
Tinley Park Mental Health Center	35,429	\$ 1,335,918	3,799	\$ 129,897	39,228	\$ 1,465,815
Jack Mabley Developmental Center	49,702	1,119,494	2,868	62,844	52,570	1,182,338
Alton Mental Health Center	63,436	1,867,787	7,412	177,662	70,848	2,045,449
Clyde L. Choate Mental Health and Developmental Center	145,509	3,292,361	13,581	362,686	159,090	3,655,047
Chicago Read Mental Health Center	81,751	2,748,108	7,841	180,186	89,592	2,928,294
H. Douglas Singer Mental Health Center	8,085	222,043	2,897	92,528	10,982	314,571
Ann M. Kiley Developmental Center	151,840	3,247,706	2,850	66,181	154,690	3,313,887
Illinois School for the Deaf	10,408	282,394	27,914	484,257	38,322	766,651
Illinois School for the Visually Impaired	6,441	151,335	8,596	146,400	15,037	297,735
John J. Madden Mental Health Center	36,941	1,180,995	9,031	250,767	45,972	1,431,762
Warren G. Murray Developmental Center	115,632	2,530,618	12,059	239,459	127,691	2,770,077
Elgin Mental Health Center	64,331	1,940,915	14,252	322,260	78,583	2,263,175
Chester Mental Health Center	56,797	1,589,747	5,067	165,776	61,864	1,755,523
Jacksonville Mental Health and Developmental Center	90,903	2,240,008	8,531	149,614	99,434	2,389,622
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	6,428	194,344	4,943	112,455	11,371	306,799
Andrew McFarland Mental Health Center	13,929	465,884	5,378	135,384	19,307	601,268
Gov. Samuel H. Shapiro Developmental Center	102,326	2,241,985	8,335	146,450	110,661	2,388,435
William W. Fox Developmental Center	61,546	1,339,655	6,848	147,160	68,394	1,486,815
Elisabeth Ludeman Developmental Center	164,475	3,664,231	4,383	98,299	168,858	3,762,530
William A. Howe Developmental Center	214,146	4,948,286	4,153	93,629	218,299	5,041,915
Total Facilities	<u>1,480,055</u>	<u>36,603,814</u>	<u>160,738</u>	<u>3,563,894</u>	<u>1,640,793</u>	<u>40,167,708</u>
Total for Department Fiscal Year 2005	<u>1,620,013</u>	<u>\$ 41,112,671</u>	<u>172,745</u>	<u>\$ 3,840,373</u>	<u>1,792,758</u>	<u>\$ 44,953,044</u>

(Concluded)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2005 and 2004

Year Ended June 30, 2004

Central Office/Division	Overtime Hours Paid	\$ Value Overtime Hours Paid	Compensatory Hours Accumulated	\$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total \$ Value Of Overtime & Compensatory Hours
Field Level Operations	54,755	\$ 1,808,426	2,480	\$ 58,621	57,235	\$ 1,867,047
Administration and Program Support	7,783	223,866	609	13,112	8,392	236,978
Management Information Service	9,973	349,717	4,779	131,073	14,752	480,790
Disability Determination Services Bureau	36,235	1,290,750	-	-	36,235	1,290,750
Home Services Program	98	2,045	100	2,073	198	4,118
Inspector General	423	12,138	539	13,853	962	25,991
Rehabilitation Service Bureaus	1,916	40,413	2,593	59,122	4,509	99,535
Child Care Services	97	2,180	35	645	132	2,825
Disability/Behavioral Health Program Administration	1,041	26,991	272	7,639	1,313	34,630
Treatment/Detention Sexually Violent Persons	26,340	651,589	1,234	21,770	27,574	673,359
Community and Resident Services for Blind and Visually Impaired	983	39,259	666	19,536	1,649	58,795
Employment and Social Service Program	82	2,215	31	605	113	2,820
Juvenile Justice Program	9	301	8	267	17	568
Community Health	68	2,198	44	893	112	3,091
Community Youth Services	-	-	18	442	18	442
Community Health - other	-	-	20	405	20	405
Total Central Office	139,803	\$ 4,452,088	13,428	\$ 330,056	153,231	\$ 4,782,144

(Continued)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

ANALYSIS OF EMPLOYEE OVERTIME

Fiscal Years Ended June 30, 2005 and 2004

Year Ended June 30, 2004

Facilities	Overtime Hours Paid	\$ Value Overtime Hours Paid	Compensatory Hours Accumulated	\$ Value Of Compensatory Hours Accumulated	Total Overtime & Compensatory Hours	Total \$ Value Of Overtime & Compensatory Hours
Tinley Park Mental Health Center	36,296	\$ 1,216,552	3,877	\$ 127,016	40,173	\$ 1,343,568
Jack Mabley Developmental Center	48,926	1,045,762	3,596	72,710	52,522	1,118,472
Alton Mental Health Center	35,103	958,969	6,224	138,952	41,327	1,097,921
Clyde L. Choate Mental Health and Developmental Center	124,495	2,814,952	15,953	379,766	140,448	3,194,718
Chicago Read Mental Health Center	61,640	2,195,606	6,460	165,413	68,100	2,361,019
H. Douglas Singer Mental Health Center	9,395	262,383	3,432	123,024	12,827	385,407
Ann M. Kiley Developmental Center	132,213	2,812,406	3,177	73,089	135,390	2,885,495
Illinois School for the Deaf	11,018	284,050	30,774	528,515	41,792	812,565
Illinois School for the Visually Impaired	10,016	226,043	10,136	163,893	20,152	389,936
John J. Madden Mental Health Center	24,803	802,078	7,763	228,936	32,566	1,031,014
Warren G. Murray Developmental Center	96,368	1,951,272	13,025	233,321	109,393	2,184,593
Elgin Mental Health Center	73,258	2,057,660	16,454	355,271	89,712	2,412,931
Chester Mental Health Center	121,349	3,219,647	6,539	218,471	127,888	3,438,118
Jacksonville Mental Health and Developmental Center	87,774	2,069,322	10,161	170,238	97,935	2,239,560
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	8,549	254,593	4,942	112,471	13,491	367,064
Andrew McFarland Mental Health Center	9,318	301,456	3,624	84,290	12,942	385,746
Gov. Samuel H. Shapiro Developmental Center	190,986	4,107,104	18,148	278,823	209,134	4,385,927
William W. Fox Developmental Center	60,781	1,320,527	6,577	146,322	67,358	1,466,849
Elisabeth Ludeman Developmental Center	130,157	2,892,322	3,419	76,487	133,576	2,968,809
William A. Howe Developmental Center	142,113	3,359,390	4,881	126,802	146,994	3,486,192
Total Facilities	<u>1,414,558</u>	<u>34,152,094</u>	<u>179,162</u>	<u>3,803,810</u>	<u>1,593,720</u>	<u>37,955,904</u>
Total for Department Fiscal Year 2004	<u>1,554,361</u>	<u>\$ 38,604,182</u>	<u>192,590</u>	<u>\$ 4,133,866</u>	<u>1,746,951</u>	<u>\$ 42,738,048</u>

(Concluded)

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

EMERGENCY PURCHASES

Year Ended June 30, 2005

<u>Division</u>	<u>Name</u>	<u>Description</u>	<u>Amount</u>	<u>Actual/ Estimate</u>
Business Services	Disability Determination Services Division	Purchase of security system to safeguard computer room	\$ 75,515	Actual
Business Services	Bureau of Pharmacy	Flu vaccines	32,840	Actual
Business Services	Singer Mental Health Center	Repair of boiler	40,000	Estimate
Business Services	Howe Developmental Center and Tinley Park Mental Health Center	Excavation and repairs to leaking underground tunnel water pipes.	64,882	Actual
Business Services	Kiley Development Center	Air conditioning system repair	380,000	Estimate
Business Services	Elgin Mental Health Center	Air conditioning system repair	421,527	Estimate
Business Services	Shapiro Developmental Center	HVAC duct work and fire dampers	700,000	Estimate

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

EMERGENCY PURCHASES

Year Ended June 30, 2004

<u>Division</u>	<u>Name</u>	<u>Description</u>	<u>Amount</u>	<u>Actual/ Estimate</u>
Business Services	Murray Developmental Center	Repair underground conduit and wiring	\$ 100,000	Estimate
Business Services	Shapiro Developmental Center	Asbestos abatement	14,700	Actual
Business Services	Illinois School for the Deaf	Purchase of new compressor	150,000	Estimate
Business Services	Choate Mental Health Center	Replace leaking roofs on the Redbud Building	130,507	Actual
Business Services	Shapiro Developmental Center	Repair roof systems on residential buildings at the facility	1,300,000	Estimate
Business Services	Kiley Developmental Center	Repair floors, walls, and roofs	330,000	Estimate
Business Services	Murray Developmental Center	Contract for the purchase of coal	84,375	Estimate
Business Services	Illinois School for the Deaf	Purchase of new feeder lines to heat buildings	300,000	Estimate

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

ILLINOIS FIRST PROJECTS

Years Ended June 30, 2005 and 2004

The Department did not receive any appropriations for Illinois First Projects during fiscal years 2004 or 2005.

**STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES**

**SERVICE EFFORTS AND ACCOMPLISHMENTS
(Unaudited)**

Fiscal Years Ended June 30, 2005 and 2004

OFFICE OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES

The following service efforts and accomplishments have been accumulated for the years ended June 30, 2005 and 2004. (All amounts are in thousands except for average cost per day):

	<u>Mental Illness</u>		<u>Developmental Disabilities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Accumulated costs	\$ 314,948	\$ 307,104	\$ 346,392	\$ 338,171	\$ 661,340	\$ 645,275
Allocated overhead	18,568	15,900	22,174	17,938	40,742	33,838
Less:						
Extramural services	407	949	74	86	481	1,035
Clothing	297	301	286	300	583	601
Donated commodities	2	84	19	2	21	86
Miscellaneous income	<u>79</u>	<u>91</u>	<u>10</u>	<u>17</u>	<u>89</u>	<u>108</u>
Total costs	332,731	321,579	368,177	355,704	700,908	677,283
Patient days	<u>578</u>	<u>588</u>	<u>945</u>	<u>967</u>	<u>1,523</u>	<u>1,555</u>
Average cost per day	<u>\$ 576</u>	<u>\$ 547</u>	<u>\$ 390</u>	<u>\$ 368</u>	<u>\$ 460</u>	<u>\$ 436</u>

Activities and Performance

	<u>FY'01 Actual</u>	<u>FY'02 Actual</u>	<u>FY'03 Actual</u>	<u>FY'04 Actual</u>	<u>FY'05 Actual</u>
Developmental Disabilities Services					
Residents in State facilities	3,185	3,078	2,935	2,873	2,262
Staff to resident ratio	1.90	1.90	1.80	1.73	1.74
Admissions to State facilities	136	139	147	100	74
Discharges readmitted within 1 year (%)	20	23	23	19	28
Medicaid waiver recipients	7,690	8,577	9,868	10,077	12,600
Residents in community residential settings	14,715	14,665	15,002	16,925	19,429
Mental Health Services					
Residents in State facilities	1,825	1,569	1,410	1,369	1,402
Staff to resident ratio	2.50	2.50	2.30	2.30	1.90
Admissions to State facilities	10,135	10,796	9,625	9,609	10,190
Discharges readmitted within 30 days (%)	12.5	12.0	8.8	9.5	11.0
Individuals with 3 or more admissions	360	613	569	536	592

Summary of Programs

DIVISION OF DEVELOPMENTAL DISABILITIES

Persons with developmental disabilities are those who have mental retardation or a related condition that is manifested prior to the age of 18, is likely to continue indefinitely, and requires a pervasive system of supports and services. Mental retardation refers to significant sub-average general intellectual functioning existing concurrently with deficits in adaptive behavior as defined by the Diagnostic and Statistical Manual of Mental Disorders, Fourth Edition (DSM-IV) criteria. Related conditions may be attributable to cerebral palsy, epilepsy, autism, or any other condition that results in impairment similar to that caused by mental retardation, which includes limitations in major life skill areas. These major life skill areas include self-care, language, learning, mobility, self-direction and capacity for independent living. Developmental disabilities services include:

- Residential services are provided primarily in Community Integrated Living Arrangements (CILAs), Intermediate Care Facilities for Persons with Developmental Disabilities (ICFs/DD), and State-Operated Developmental Centers.
- Day and Vocational Services, including developmental training, sheltered employment, and supported employment, are provided by community-based agencies and organizations.
- Individual and Family Support Services enable people with disabilities to continue to reside in their own or family homes while receiving needed Department-funded support services, such as Respite, Client and Family Support, Family Assistance Program, Home-Base Support Services, and other Related In-Home Support Services.
- Independent Service Coordination provides Pre-Admission Screening, Bogard Service Coordination, Individual Service and Support Advocacy, or Generic Independent Service Coordination to ensure completion of comprehensive assessments, development and implementation of the habilitation plan, linkage to needed support services in the community, and provision of on-going service monitoring and advocacy on behalf of individuals.

DIVISION OF MENTAL HEALTH

The Division of Mental Health (DMH) is responsible for coordinating a comprehensive array of public and private mental health services for adults with mental illness and children and adolescents with serious emotional disturbances. The primary mission of DMH is to assure that recovery/resiliency-oriented, evidence-based, community-focused, culturally-sensitive, outcome-validated treatment and supports are accessible, through fiscally efficient use of public funds, to children, adolescents and adults most in need of mental health services, in order that they may be empowered to recover, succeed in accomplishing their goals and live full and productive lives.

Mental Health State Hospitals

Hospital care and treatment is a vital component in the continuum of treatment services provided to individuals with a serious mental illness. State psychiatric hospitals, administered by DHS/DMH, serve unique functions in the system. One is to provide a secure, therapeutic environment to meet the needs of persons who, due to a psychiatric disorder, may be a danger to themselves or to others. Another is to offer inpatient psychiatric treatment that is not available in community-operated hospitals because consumers have little or no capacity to pay for the service, either directly or through an insurance plan (including Medicaid or Medicare). A third function is to provide court-ordered treatment in forensic units for persons who are found Unfit to Stand Trial (UST) or Not Guilty By Reason of Insanity (NGRI).

Community Mental Health Services in Community Agencies

A second major part of the public-funded mental health system is the community agencies that provide a wide range of services. These services are provided under contracts between nearly 200 community agencies and the DHS/DMH. As the State does not administer any outpatient mental health facility in Illinois, they are all community-operated entities. The primary responsibility of community services is to help individuals maximize their potential and independence through an array of community-based services which are designed to maintain an individual with mental illness in his home and community and sustain an enhanced quality of life. This array of community-based core services includes:

- Crisis-emergency services including crisis intervention and stabilization programs;
- Mental health outpatient services such as assessment, treatment planning, therapeutic counseling, psychiatric services, medication management, substance abuse assessment and counseling for MISA clients, and mental health pre-admission screening;
- Care management services;
- Supported and supervised residential services;
- Psychosocial rehabilitation programs; and
- Consumer developed and operated services.

DIVISION OF REHABILITATION SERVICES

Vocational Rehabilitation Program

The Division of Rehabilitation Services (DRS) Vocational Rehabilitation Program (VR) helps people with significant disabilities prepare for and obtain quality employment that pays a living wage and offers opportunities for advancement. People with disabilities of working age (16 - 64 years old) are eligible for VR services if they have a significant physical or mental impairment that makes it difficult for them to work. Based on U.S. Census data and current population projections, Illinois has an estimated 325,000 adults with significant disabilities who might require VR services at some point in their lives. DRS Bureau of Field Services staff provides services to customers in 50 local offices throughout the state. These services include: evaluation, rehabilitation counseling and guidance, job training, job coaching, diagnostic services, restorative services, on-the-job training, college training, assistive technology, job

development, job placement, and follow-up services to ensure that individuals remain on the job. DRS field staff also serve as invaluable resources to area employers and organizations, responding to questions and concerns related to a wide range of disability-related areas, including assistive technology, the Americans with Disabilities Act (ADA), and reasonable accommodation.

Home Services

The DRS Home Services Program (HSP) provides in-home services to individuals with severe disabilities in order to avoid placement in nursing homes or other institutions. Dedicated to promoting independence, HSP offers an individualized, family-centered approach for individuals with disabilities, which enhances their ability to live more satisfying lives at home. Through home services, individuals have the opportunity to enhance their ability to live self-directed lives, functioning as active, participating members of their communities and retaining control over the services they receive. HSP offers a wide range of home services: personal assistant services, homemaker services, maintenance home health, electronic home response, home delivered meals, adult day care, assistive equipment, environmental modification, and respite services. U.S. Census data indicate there are an estimated 350,000 working age (16-64) people in Illinois with mobility and self-care limitations who may require in-home services at some point in their lives.

Disability Determination Services

The Bureau of Disability Determination Services (BDDS) determines the eligibility of Illinois residents with disabilities to receive federal Social Security disability benefits. This program is mandated and funded by the federal Social Security Administration. BDDS staff evaluate each individual's application, along with supplemental medical and psychological evidence, to determine the individual's eligibility for benefits. In fiscal year 2004, BDDS staff evaluated applications from approximately 153,000 individuals with disabilities seeking Social Security benefits.

Specialized Services

The Bureau of Blind Services (BBS) offers specialized services to adults who are blind or visually impaired, helping them find and maintain employment as well as achieve their education, training, and independent living goals. Specialized VR services include evaluation and diagnostics, counseling and guidance, training, education, basic adaptive skills, Braille, job development, job placement, and follow-up services. BBS field staff are housed in 20 DRS offices located throughout the state. The Illinois Center for Rehabilitation and Education - Wood provides a concentrated, short-term residential training program for adults who are blind or visually impaired, offering training in mobility, orientation, and activities of daily living to prepare them for employment. DRS also offers services through the Older Blind Program to help elderly blind individuals learn the skills they need to live independently.

Vocational Rehabilitation Program	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
<u>Bureau of Field Services</u>		
Total persons served	50,992	47,429
New applications	20,654	16,067
<u>Bureau of Blind Services</u>		
Total persons served	3,175	2,726
New applications	1,383	1,009
<u>VR Program Total</u>		
Total persons served	54,167	50,155
New applications	22,037	17,076
<u>Home Services</u>		
Total persons receiving in-home service to prevent institutionalization	34,158	35,645
New service plans developed	5,563	6,021
<u>Disability Determination Services</u>		
Total claims adjudicated	153,403	161,612
New applications	164,353	152,017
	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Cost to Case Load Statistics		
<u>Vocational Rehabilitation Program</u>		
Total client expenditures	\$ 56,490,900	\$ 50,950,300
Total clients served	<u>54,167</u>	<u>50,155</u>
Average expenditures per case	<u>\$ 1,043</u>	<u>\$ 1,016</u>
<u>Home Services</u>		
Total client expenditures	\$ 310,044,100	\$ 349,278,800
Total clients served	<u>34,158</u>	<u>35,645</u>
Average expenditures per case	<u>\$ 9,077</u>	<u>\$ 9,799</u>
<u>Disability Determination Services</u>		
Total client medical expenditures	\$ 15,530,567	\$ 15,985,293
Total client expenditures	\$ 58,992,933	\$ 61,790,515
Total clients served	153,403	161,612
Average medical expenditures per case	\$ 101	\$ 99
Average total expenditures per case	\$ 385	\$ 382

DIVISION OF ALCOHOLISM AND SUBSTANCE ABUSE

Addiction Treatment Service Description

The substance abuse and addictions treatment delivery system is designed to provide a network of services for community intervention, early intervention, intervention, and treatment of individuals with a wide range of alcohol and other substance abuse/addictions problems. Treatment is a complex interaction of medical, psychological, and other therapies that are administered by trained addictions and other health care professionals. The system offers a broad range of treatment to address the needs of alcohol and other drug abusers and to afford opportunities for individuals to contribute to their own recovery.

In response to the national trends to move toward strategies that insure better access to services, more standardization, and use of best practice protocols, DASA requires treatment providers to utilize the ASAM Placement Criteria. This approach requires frequent reassessment of need and client matching. Over one hundred forty community-based providers offer a comprehensive array of services that include early intervention, treatment, case management, HIV counseling and testing, and continuing care. All treatment services are provided through licensed facilities, which are governed, by physical safety and clinical requirements.

The population of Illinois is diverse and many specialty services are offered. Examples of these specialty services include specifically designed services for women with children, DCFS, TANF, and criminal justice clients.

Activities and Performance	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Total expenditures- all sources	\$ 208,370.3	\$ 218,770.4
Number of discharges classified as positive	36,200	49,220
Number of unduplicated patients served	78,000	90,725

DIVISION OF COMMUNITY HEALTH AND PREVENTION

Maternal and Child Health and Prevention

Illinois' Maternal and Child Health (MCH) program focuses on three main areas: the reduction of infant mortality, the improvement of child health and the prevention of teen pregnancy. Within these broad priorities are eight groups of programs: preconceptional; pregnancy; infancy and early childhood; middle childhood; adolescence; children with special health care needs; adults; and infrastructure development. The Women, Infants and Children (WIC) and Family Case Management (FCM) programs are discussed below.

The MCH program uses an array of services to improve pregnancy outcomes, including direct health care, enabling and population-based services. Direct health care services are provided through the mini-block grant awarded to the Chicago Department of Public Health and, on a limited basis, through the Family Case Management program. (The mini-block grant is described more fully below.) Two statewide enabling service programs are central to the MCH program's infant mortality reduction efforts: the Special Supplemental Nutrition Program for WIC and FCM. The WIC program provides nutrition education and supplemental foods to pregnant or lactating women and children under the age of five from low-income families. FCM provides service coordination to low-income families with a pregnant woman or an infant.

Activities and Performance	Fiscal Year <u>2004</u>	Fiscal Year <u>2005</u>
Total expenditures – all sources	\$ 415,306.3	\$ 413,422.9
Number of WIC food coupons issues	12,200,000	11,449,565
Number of 0-2 years olds immunized	238,158	249,859
Number of WIC participants	508,250	516,568
Number of FCM participants	280,969	282,840

Early Intervention

The Early Intervention Program is a statewide program of evaluation and assessment for infants and toddlers under three years of age and of services for those who have a disability, a 30 percent delay in development in any area, or are at risk of developmental delays. This program is federally funded, in part, through Part C of the federal *Individuals with Disabilities Education Act (IDEA)*. Services are provided to assist eligible children to develop basic developmental skills. Parents provide most of the care needed to help their children develop, guided by the therapists who serve their children. Children and families access the Early Intervention service system through one of 25 Child and Family Connections (CFC) offices that are funded by the Department to cover defined geographic areas. A network of early intervention professionals, who are credentialed and enrolled and have a signed provider agreement with DHS, provides services to children and families. There are a total of 16 services available to children and families through a variety of individual and agency providers, some not-for-profit and some for-profit. The most frequently provided services are physical therapy and occupational therapy.

Activities and Performance	Fiscal Year <u>2004</u>	Fiscal Year <u>2005</u>
Total expenditures – all sources	\$ 109,460.5	\$ 187,478.2
Number of new initial Individualized Family Service Plans (IFSP's)	14,121	15,805
Number of children who have IFSP's	15,070	16,647

DIVISION OF HUMAN CAPITAL DEVELOPMENT

Temporary Assistance for Needy Families (TANF)

Income assistance to eligible families that contain a child under age 18 is provided through the Temporary Assistance for Needy Families (TANF) Program. The Illinois TANF Program is designed to help needy families to become self-supporting, to strengthen family life, and to reduce the instances of economic need in Illinois families. This will be accomplished by: emphasizing to the parents that the first responsibility for supporting and providing guidance for the children rests with them; providing support services to help the parents move into employment; providing parenting classes; providing support services so that elementary and middle school children will form and maintain proper school attendance habits; and acting to reduce the instances of teenage pregnancy and unmarried pregnancy. The participation of adults in community life will be encouraged by recognizing the value of volunteer services as an effective training endeavor for the development of sound work habits.

Activities and Performance	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Total expenditures (all sources, in thousands)	\$ 111,870.1	\$ 126,330.3
Average number of TANF families engaged each month (Federal participation rate)	6,592	7,149
Total number of customers canceled due to earnings	7,049	7,036
Total number of TANF earnings cases whose employment stopped	3,211	3,339
Total number of TANF cases returning to assistance within 24 months	1,881	2,446

Child Care

DHS Child Care is an income-based program for working families below 50% of state median income (\$29,052 for a family of three). The program supports the welfare to work effort by serving parents receiving Temporary Assistance for Needy Families (TANF) whose personal responsibility and services plans document a need for childcare. It also serves teen parents pursuing a high school diploma or its equivalent. Parents choose the type of childcare they prefer, e.g. Child Care centers, and private homes, etc., provided it meets all state and local requirements.

Activities and Performance	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
The average number of cases/families served through the Child Care program per month	94,641	98,667

Food Stamps

The Department provides help through the federal Food Stamp Program. This non-appropriated program provides benefits that are used to purchase food at retail food stores throughout the state using the DHS Link (EBT) card. Depending on the amount of the family's income and allowable deductions, the level of monthly benefits can be as little as \$2, or as much as the total necessary for the household to purchase a nutritionally adequate diet according to USDA's Thrifty Food Plan. While the presence of certain assets and other particular circumstances can disqualify a household or certain of its individuals, eligibility for food stamps depends primarily on the amount of monthly income available to the household. It is offered to persons receiving benefits under other DHS programs but is available to persons and families receiving no other assistance. Food stamps serve as an income supplement for working people as they move toward self-sufficiency, an essential support service for the unemployed, and a source of nutritional assistance for elderly and disabled people.

Activities and Performance	Federal Fiscal Year 2004	Federal Fiscal Year 2005
Federal quality control food stamp payment accuracy (%)	94.39%	93.43%

Homeless Shelter Program and Supportive Housing Services

The Homeless Shelter Program provides beds, meals and supportive services through not-for-profit organizations serving homeless individuals and families. The Supportive Housing Services Program provides on-site supportive services to low-income individuals or families who are formerly homeless or at-risk of becoming homeless.

Activities and Performance	Federal Fiscal Year 2004	Federal Fiscal Year 2005
Total number of nights in shelters (in thousands)	1,489	1,700
Homeless Prevention - average quarterly cost per household (in dollars)	\$ 505.50	\$ 530.00

Programs for Refugees and Immigrants

Programs for refugees facilitate the relocation and economic self-sufficiency of refugees by procuring community-based services that include adjustment counseling, orientation, English as a second language, vocational training, job readiness, and job placement. Bilingual mental health services are provided for those refugees who experienced severe trauma and require

therapy. Immigrant Services funds enhanced healthcare for limited-English proficient clients through bilingual staffing and interpreter services at four clinics and the DuPage County health care network, provided case management and interpreter services for clients seeking support from DHS, and expanded citizenship instruction and assistance through 35 community based organizations.

Activities and Performance	Federal Fiscal Year 2004	Federal Fiscal Year 2005
Total number of customers served through the Refugee Social Service program	9,225	4,500
Total number of Refugees and Immigrants receiving citizenship assistance	10,586	12,763
Total number of Refugees and Immigrants receiving Outreach and Interpretation services	33,330	29,731

Title XX - Social Services Block Grant

The State receives an annual formula allocation of Social Services Block Grant funds based upon population. DHS is one of a network of four state agencies and community-based agencies that provide 24 separate categories of social services to families. Service categories range from services for the elderly, people with developmental disabilities or mental illness, neglected children and adults, ex-offenders, victims of domestic violence, families in need of health services, and the unemployed or under-employed.

Activities and Performance	Federal Fiscal Year 2004	Federal Fiscal Year 2005
Number of persons served	170,000	153,000
Total expenditures	\$ 113,668,599	\$ 88,096,618

ANNUAL COST STATISTICS

The following data summarizes statistics for certain federal programs administered by the Department. The information was provided by the Department and is unaudited.

Temporary Assistance for Needy Families (TANF)

Activities and Performance	Fiscal Year 2004	Fiscal Year 2005
Average number of monthly participants	104,255	95,748
Monthly average program payments	\$ 10,538,454	\$ 9,253,214
Monthly average disbursement per person	\$ 101	\$ 97

Child Care

Activities and Performance	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Total expenditures (all sources, in thousands)	\$ 656,718.6	\$ 691,920.7
Number of children served through the Child Care program - average month	189,282	197,334
Average Child Care cost per child- per month	\$ 289	\$ 292

Food Stamps

Activities and Performance	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>
Average number of monthly participants	1,137,015	1,039,565
Monthly average program payments	\$ 113,882,729	\$ 98,261,958
Monthly average disbursement per person	\$ 100	\$ 95