

**State of Illinois**  
**DEPARTMENT OF HUMAN SERVICES**

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

**For the Two Years Ended June 30, 2009**

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



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES  
COMPLIANCE EXAMINATION - CENTRAL OFFICE  
AND DEPARTMENT-WIDE FINANCIAL AUDIT  
For the Two Years ended June 30, 2009**

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DEPARTMENT OF HUMAN SERVICES  
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**STATE OF ILLINOIS  
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**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**AGENCY OFFICIALS**

Secretary	Carol L. Adams, Ph.D. (Through 10/31/09) Michelle R. B. Saddler (Effective 10/11/09)
Assistant Secretary (Operations)	Catalina Soto (Through 7/9/08) Jerome Butler (Effective 11/12/08 through 12/15/09)
Assistant Secretary (Programs)	Grace Hou
Budget Director	Robert Brock
Business Services Director	Steven Richie (Through 8/8/07) Hero Tameling (Acting, Effective 8/8/07 through 8/19/08) Ron Brian (Acting, Effective 8/20/08 through 12/31/09) Melissa Wright (Acting, Effective 5/1/10)
Chief of Staff	Teyonda Wertz (Through 10/30/09) Grace Hong Duffin (Effective 11/1/09)
Chief Financial Officer	Robert Stanek (Through 4/15/10) Carol Kraus (Effective 4/16/10)
Chief Operational Officer	Jerome Butler (Through 10/5/08) Andrew Fox (Effective 10/14/08 through 10/30/09) Vacant (Effective 10/31/09)
Contract Administration Manager	Sally Hardwick Adams (Through 12/31/09) Debra Matlock (Effective 1/1/10)
State Purchasing Officer	Curtis Thompson (Through 4/26/10) William Strahle (Acting, Effective 4/27/10)
Fiscal Services Director	Solomon Oriakhi
Human Resources Director	Elizabeth Sarmiento
Management Information Services Chief	Robert Daniel (Through 11/20/08) Jeremy Margaron (Effective 12/10/08 through 9/30/09) Doug Kasamis (Effective 10/1/09)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

AGENCY OFFICIALS - Continued

Office of Community Relations Director	Tracey Scruggs Yearwood (Through 10/26/07) Aurelio Huertas Fabrizio (Acting, Effective 10/29/07 through 1/16/10) Jesus Garcia (Effective 2/22/10)
Chief Legislative Liaison	Randy Wells
Compliance Workforce Safety	Audrey McCrimon (Through 12/31/07) Martha Younger-White (Effective 7/16/08)
Hispanic/Latino Affairs Director	Mireya Hurtado (Through 7/16/07) Agueda Corona (Effective 7/16/07 through 3/19/10) Nelida Smyser-DeLeon (Effective 5/16/10)
General Counsel	Mary-Lisa Sullivan (Acting)
Inspector General	Bill Davis
Office of Strategic Planning and Performance Management Director	Gregory Diephouse (Effective 9/1/07 through 6/14/09) Layla Suleiman-Gonzalez (Effective 3/16/10)
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	Ivonne Sambolin-Jones (Effective 7/30/07)
Office of Developmental Disabilities Director	Lilia Teninty
Office of Mental Health Director	Lorrie Rickman-Jones, Ph.D.
Office of Clinical, Administrative and Program Support Manager	Jim Hobbs
Office of Human Capital Development Director	Marva Arnold (Through 2/28/10) Linda Saterfield (Acting, Effective 3/1/10)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

AGENCY OFFICIALS - Continued

Grant Administration Director

Sharon Zahorodnyj

Office of Security and Emergency  
Preparedness Director

Hero Tameling (Effective 8/20/08)

Agency main offices are located at:

100 South Grand Avenue, East  
Springfield, Illinois 62762

501 South Clinton Street  
Chicago, Illinois 60607



Pat Quinn, Governor

Illinois Department of Human Services

Michelle R.B. Saddler, Secretary

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

## MANAGEMENT ASSERTION LETTER

June 18, 2010

Sikich LLP  
3201 West White Oaks Drive, Suite 102  
Springfield, IL 62704

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, 2009. Based on this evaluation, we assert that during the years ended June 30, 2008 and June 30, 2009, the Agency has materially complied with the assertions below.

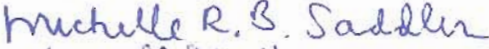
- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Other than what has been previously disclosed, the agency has obligated, expended, received and used public 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. Other than what has been previously disclosed, 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. 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.





E. 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

  
by JAS  
Michelle R. B. Saddler  
Secretary

  
Carol Kraus  
Chief Financial Officer

  
Mary-Lisa Sullivan  
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, 2009.
- 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, 2009.
- 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, 2009.

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.

## ACCOUNTANTS' 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	39	31
Repeated findings	20	16
Prior recommendations implemented or not repeated	11	21

Details of findings are presented in a separate report section.

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
09-01	19	Weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year-end Department financial statements	Material Weakness
09-02	23	Inadequate controls over commodities	Significant Deficiency
09-03	26	Commodity inventory system outdated and insufficient for user needs	Significant Deficiency
09-04	29	Inadequate controls over capital asset financial reporting	Significant Deficiency
09-05	31	Failure to comply with Medicare and Medicaid certification requirements	Significant Deficiency
09-06	33	Failure to update allowance for uncollectible accounts receivable in a consistent manner	Significant Deficiency
<i>FINDINGS (STATE COMPLIANCE)</i>			
09-07	36	Child care provider addresses matched to Illinois Sex Offender Registry	Significant Deficiency and Material Noncompliance
09-08	39	Child care assistance payments and tuition	Significant Deficiency and Noncompliance
09-09	41	Weaknesses over implementing fee-for-service conversion	Significant Deficiency and Noncompliance
09-10	44	Contracts with the University of Illinois to hire subcontractors and retired State employees	Significant Deficiency and Noncompliance

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) – Continued			
09-11	47	Inadequate reconciliation procedures over mental health service payments	Significant Deficiency and Material Noncompliance
09-12	50	Inadequate procedures for disposal of confidential information	Significant Deficiency and Noncompliance
09-13	52	Weaknesses in contract administration	Significant Deficiency and Noncompliance
09-14	55	Untimely signing and execution of written contract agreements	Significant Deficiency and Noncompliance
09-15	57	Internal control weaknesses in the Home Services Program	Significant Deficiency and Material Noncompliance
09-16	60	Lack of controls over monitoring unemployment insurance benefits paid under the Home Services Program	Significant Deficiency and Noncompliance
09-17	62	Failure to recover grant funds by circumventing the Grant Funds Recovery Act	Significant Deficiency and Noncompliance
09-18	64	Grants for the Child Care Expansion Program exceeded the limit	Significant Deficiency and Noncompliance
09-19	65	Weaknesses in administering the Gaining Early Awareness and Readiness for Undergraduate Program	Significant Deficiency and Noncompliance
09-20	67	Failure to timely determine the disposition of unspent grant funds	Significant Deficiency and Noncompliance
09-21	69	Improper transfers to the FY09 Budget Relief Fund	Significant Deficiency and Noncompliance
09-22	71	Inadequate controls over receipts	Significant Deficiency and Noncompliance

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) – Continued			
09-23	73	Inadequate controls over accounts receivable	Significant Deficiency and Noncompliance
09-24	76	Weaknesses over quarterly reporting of accounts receivable	Significant Deficiency and Noncompliance
09-25	78	Inadequate controls over returned checks	Significant Deficiency and Noncompliance
09-26	80	Failure to timely file locally held fund reports with the Office of the Comptroller	Significant Deficiency and Noncompliance
09-27	81	Late submission of required reports	Significant Deficiency and Noncompliance
09-28	83	Failure to make appointments in accordance with State law	Significant Deficiency and Noncompliance
09-29	85	Inadequate security administration function	Significant Deficiency and Noncompliance
09-30	87	Contingency planning weaknesses	Significant Deficiency and Noncompliance
09-31	89	Access to Department production data not adequately restricted	Significant Deficiency and Noncompliance
09-32	91	Inadequate recordkeeping for payroll and personnel files	Significant Deficiency and Noncompliance
09-33	94	Employee performance evaluations not performed on a timely basis	Significant Deficiency and Noncompliance
09-34	95	Weaknesses in maintaining documentation of temporary employee assignments	Significant Deficiency and Noncompliance
09-35	96	Time records not maintained in compliance with the State Officials and Employees Ethics Act	Significant Deficiency and Noncompliance

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE) – Continued			
09-36	98	Lack of physical control over State property	Significant Deficiency and Noncompliance
09-37	101	Telephone calling cards, cell phones, and pagers not cancelled on a timely basis	Significant Deficiency and Noncompliance
09-38	103	Inadequate records for State vehicles assigned to Department employees	Significant Deficiency and Noncompliance
09-39	105	Weaknesses in conducting annual eligibility redeterminations for KidCare (ALL KIDS)	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings and relating to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

09-01	19	Weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year-end Department financial statements	Material Weakness and Material Noncompliance
09-02	23	Inadequate controls over commodities	Significant Deficiency and Material Noncompliance
09-03	26	Commodity inventory system outdated and insufficient for user needs	Significant Deficiency and Noncompliance
09-04	29	Inadequate controls over capital asset financial reporting	Significant Deficiency and Material Noncompliance
09-05	31	Failure to comply with Medicare and Medicaid certification requirements	Significant Deficiency and Material Noncompliance
09-06	33	Failure to update allowance for uncollectible accounts receivable in a consistent manner	Significant Deficiency and Material Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
PRIOR FINDINGS NOT REPEATED		
A	107	Consolidated services payments made without sufficient supporting documentation
B	107	Liabilities payable from future year appropriations are misstated
C	107	Unrecorded and unreported locally held bank accounts
D	107	Noncompliance with Personal Information Protection Act
E	108	Inadequate planning for the purchase and installation of equipment
F	108	Filing erroneous emergency purchase affidavit in violation of the Illinois Procurement Code
G	108	Deficiencies noted in Statements of Economic Interest filed with the Secretary of State
H	108	Motor vehicle accidents not reported in a timely manner
I	108	Inconsistent application of fuel tax exemptions
J	109	Physical security weaknesses
K	109	Members not appointed to Advisory Board for Services for Persons who are Deaf-Blind in accordance with State law

## EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 27, 2010. Attending were:

### Department of Human Services

Carol Kraus	Chief Financial Officer
Grace Hong Duffin	Chief of Staff
Albert Okwuegbunam	Audit Liaison
Kristi Conrad	Office of Fiscal Services
Dan Melliere	Office of Fiscal Services

### Office of the Auditor General

Paul Usherwood	Audit Manager
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### Sikich LLP – Special Assistant Auditors

Nick Appelbaum	Partner
Andy Lascody	Partner
Nikki Lanier	Audit Senior

Responses to the recommendations were provided by Carol Kraus, Chief Financial Officer, in a letter dated June 7, 2010.





3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

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**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' (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, 2009. 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. 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.

We conducted our examination 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 listed in the first paragraph of this report 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 09-1, 09-2, 09-4, 09-5, 09-6, 09-7 and 09-11 in the accompanying Schedule of Findings, the Department did not comply with requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. In addition, as described in finding 09-15 in the accompanying Schedule of Findings, the Department did not comply with requirements regarding obligating, expending, receiving and using public funds of the State in accordance with the purpose for which said funds have been appropriated or otherwise authorized by law. Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2009. 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 Findings as findings 09-3, 09-8 through 09-10, 09-12 through 09-14, and 09-16 through 09-39.

### **Internal Control**

The management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Department's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing 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, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying Schedule of Findings as finding 09-1 to be a material weakness.

A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in findings 09-2 through 09-39 in the accompanying Schedule of Findings to be significant deficiencies.

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

The Department's responses to the findings identified in our examination are described in the accompanying Schedule of Findings. We did not examine the Department's responses and, accordingly, we express no opinion on them.

### **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, 2008 and 2009, which collectively comprise the Department's basic financial statements, and have issued our reports thereon dated March 16, 2009 and June 18, 2010, 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 2008 and 2009 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 audit 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, 2008 and June 30, 2009 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, 2007. In our report dated May 22, 2008, 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 2007 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 year ended June 30, 2007, 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 Department management, and is not intended to be and should not be used by anyone other than these specified parties.

*Schick LLP*

Springfield, Illinois  
June 18, 2010



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

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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, 2009, which collectively comprise the Department's basic financial statements and have issued our report thereon dated June 18, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the combination of deficiencies described in finding 09-1 in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in findings 09-2 through 09-6 in the accompanying schedule of findings to be significant deficiencies.

### 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*.

We also conducted a State compliance examination of the Department as required by the Illinois State Auditing Act. The results of that examination are reported in the accompanying schedule of findings as items 09-7 through 09-39. We also noted certain matters which we have reported to management of the Department in a separate letter dated June 18, 2010.

The Department's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Department's responses and, accordingly, we express no opinion on them.

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.

*Schick LLP*

Springfield, Illinois  
June 18, 2010

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**SCHEDULE OF FINDINGS**

**June 30, 2009**

**FINDINGS (GOVERNMENT AUDITING STANDARDS)**

**09-01 FINDING:** (Weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year-end Department financial statements)

The Department of Human Services' (Department's) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller (Comptroller) was not timely and contained numerous inaccuracies and errors which resulted in changes being made to originally submitted information.

During the audit of the June 30, 2009 Department financial statements, the following exceptions were noted:

- GAAP reporting packages were not submitted to the Comptroller in a timely manner. GAAP reporting packages were due to the Comptroller on September 11, 2009, but the final packages were not submitted until September 25, 2009, approximately 2 weeks late. Due to discussions and communication between the Department, Comptroller, and other State agencies and universities, certain forms within the submitted GAAP reporting packages did not receive the Comptroller's final review until February 24, 2010 and the final draft of the financial statements, after adjustments, was provided to the auditors on April 7, 2010, approximately six months late.
- GAAP reporting packages contained numerous inaccuracies and required corrections which delayed audit testing of the financial statements and the Schedule of Expenditures of Federal Awards prepared by the Department. As of April 8, 2010, the Department was still communicating corrections to the auditors that had been discovered in the preparation of the GAAP packages requiring revisions to financial reporting.
- The final draft of the financial statements provided to the auditors on April 7, 2010 did not contain a Department prepared litigation footnote. GAAP requires disclosures regarding significant litigation involving the Department which could effect the financial statements. To facilitate preparation of the financial statements, the auditors drafted a litigation footnote based on information obtained from the Department's General Counsel. The auditors were informed on April 9, 2010 by the General Counsel the footnote was "not acceptable" with no further explanation. On April 15, 2010, the Department accepted the footnote drafted by the auditors.

- The reconciliation for the Vocational Rehabilitation Fund (0081) which is used for indirect cost allocation contained a reconciling amount of \$27.347 million which was not explained. The original reconciliation was dated January 25, 2010. Upon inquiry, the Department revised the reconciliation based on reports generated on March 17, 2010. The auditors received the final version of the reconciliation on March 18, 2010 which reduced the reconciling amount significantly to \$116 thousand.
- When reconciling the current year expenditures for the Child Care Cluster (Child Care and Development Block Grant (93.575) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (93.596), auditors noted the total cash basis expenditures recorded between the General Revenue Fund (0001) and the DHS Special Purposes Trust Fund (0408) was less than the federal expenditures reported for the State-wide Single Audit. The deficiency of \$10.439 million was due to a miscalculation. The Schedule of Expenditures of Federal Awards (SEFA) was revised as result of the miscalculation.
- The Department did not properly account for prior or current year liabilities related to the Children's Health Insurance Program (93.767) and the Medical Assistance Program (93.778). As a result, the current year expenditures reported to the Comptroller on the Grant/Contract Analysis Form (SCO-563) were misstated on a cash basis. Between the two programs, there was a total understatement of \$4.851 million of liabilities for the Community Development Disability Services Medicaid Trust Fund (0142) and a total overstatement of \$726 thousand and \$2.433 million for the Early Intervention Services Revolving Fund (0502) and the Community Mental Health Medicaid Trust Fund (0718), respectively. Based on communication with the Department on April 7, 2010, the SEFA and the SCO-563 were revised to correct the misstatements.
- The Department recorded negative expenditures of \$1.002 million on the SCO-563 for the Preventive Health and Health Services Block Grant Fund (0873) due to a prior year overstatement of federal receivables. The current year negative expenditures were entered in order to reduce the receivable balance to zero.
- During testing of the USDA Women, Infants and Children Fund (0700), it was noted no sub-recipient amounts were included on the original SEFA or the SCO-563. Sub-recipient payments for the program totaled \$206 million. The Department did not provide the supporting documentation for the sub-recipient amount until April 8, 2010. The SEFA and the SCO-563 were revised to include the omission.
- During testing of the Early Intervention Services Revolving Fund (0502), errors were noted in the recording of liabilities payable from future year appropriations. The documentation contained an estimate of \$9.6 million of liabilities which should have been included in the reporting package for the fund. A transposition error was made when preparing the reporting package which resulted in a \$2.7 million understatement of liabilities payable from future year appropriations.



- Weaknesses were noted in the financial accounting for, and reporting of, liabilities which led to adjustments made by the Comptroller. The Department did not properly record lapse period spending on the Summary of Liabilities Form (SCO-549) in the amount of \$5.281 million for the Care Provider For Persons with Developmental Disabilities Fund (0344). The Comptroller made this adjustment during their review.
- The audited prior year balances for total assets, fund balance and expenditures did not match the beginning balance at July 1, 2008 for the Health and Human Services Medicaid Trust Fund (0365). The Department indicated there were vouchers payable in the amount of \$67 thousand on the Nonshared SAMS Funds Cash Reconciliation Form (SCO-534) which were not reflected in their records; however, they were subtracted from the ending cash balance by the Comptroller. This resulted in an overstatement of total assets and fund balance and an understatement of expenditures of \$67 thousand.
- Weaknesses were noted in the financial accounting for, and reporting of, expenditures which led to changes to the SCO-563 prepared by the Department. Initially, sub-recipient payments reported in the DHS Special Purposes Trust Fund (0408) were understated by \$1.457 million. The Department was made aware of this by the grantee who discovered it during a reconciliation of receipts. This resulted in the revision of the SCO-563 by the Department.

Department management attributed the noted weaknesses to the lack of sufficient staff in the general accounting unit. Due to understaffing in the general accounting unit, the Department contracted with consultants to provide GAAP reporting assistance. The consultants were responsible for preparing 16 of the 57 (28%) Department GAAP reporting packages. Even with utilizing a consultant for assistance, delays and errors occurred.

The Comptroller requires State agencies to prepare GAAP reporting packages for each of their funds to assist in the annual preparation of the statewide Schedule of Expenditures of Federal Awards, statewide financial statements and the Department financial statements. GAAP reporting package instructions are specified in the Comptroller's Statewide Accounting Management System (SAMS) Manual, Chapter 27. The Comptroller sets due dates for the financial information to be submitted in order for the statewide financial statements and statewide Schedule of Expenditures of Federal Awards to be prepared and audited within a specified timeline to provide users of these statements information in a timely manner.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), requires all State agencies to establish and maintain a system of internal fiscal control to provide assurance that revenues, expenditures and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports.

Because of the significance of the weaknesses in preparation of GAAP reporting forms submitted to the Illinois Office of the Comptroller and preparation of year end Department financial statements, this is considered a material weakness in the Department's internal control. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

The exceptions noted, if not detected and corrected, can materially misstate the Department's financial statements and negatively impact the statewide financial statements. Some of the exceptions noted pertain to federal expenditures and again, if not corrected can materially misstate the federal expenditure information used to prepare the Schedule of Expenditures of Federal Awards as part of the Statewide Single Audit. Accurate and timely preparation of the Department's financial information for GAAP reporting purposes is important due to the complexity of the Department and the impact adjustments have on the statewide financial statements. (Finding Code No. 09-1)

**RECOMMENDATION:**

We recommend the Department implement procedures and cross-training measures to ensure GAAP Reporting Packages are prepared in a timely, accurate and complete manner. This should include allocating sufficient staff resources and the implementation of formal procedures to ensure GAAP financial information is prepared and submitted to the Office of the Comptroller in a timely and accurate manner, and that all supporting documentation is maintained in a contemporaneous manner.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department agrees there is a staff shortage in the Bureau of General Accounting. However, the Department believes that given the resources available, staff responded to the Illinois Office of the Comptroller review comments in a reasonable and timely fashion. In fact, the Department believes it was proactive (after submission of its GAAP packages) by making inquiries to the Illinois Comptroller as to the status of GAAP package review and if there was anything further the Department could do to expedite the GAAP review.

The Department will utilize staffing resources to the best of its ability to complete GAAP packages in a timely and accurate manner. In addition, given the specialized knowledge required of GAAP reporting, the time-sensitive materials and the limited staff available, the Department has increased the hours the consultants will assist on GAAP preparation.

**09-2 FINDING:** (Inadequate controls over commodities)

The Department of Human Services (Department) does not maintain an adequate oversight function over commodities, resulting in inadequate controls. Inventory control includes responsibilities at individual facilities, multiple warehouses, and Central Office locations.

Audit testing performed at various locations including warehouses, facilities, schools, and centers, identified several exceptions and weaknesses over commodities inventories. The following inventory problems were noted during testing:

- During the engagement period, 16 facilities failed to perform a complete year-end physical inventory count or the count was not conducted in close proximity to the end of the fiscal year.
- Weaknesses in segregation of duties for annual inventory counting were noted at four of twenty-two (18%) locations. For example, Elgin Mental Health Center had a commodities storekeeper who counted inventory in the same area that they were responsible for in their day-to-day job responsibilities.
- At four facilities, the auditors were not able to reconcile counts to the inventory system.
- The Department's Bureau of Disability Determination Services maintained separate commodities inventories of \$139,461 as of June 30, 2009, even though the Department maintains a centralized warehouse in Springfield for supplies.
- The Department's Warehouse Control System (WCS) 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. We noted 7 of 40 (18%) items tested had recorded values that varied from the supporting documentation by more than 5%.
- The Department is improperly recording the value of commodity inventory accounted for on the WCS. The unit prices for five internally printed items were incorrectly entered into the system. Department personnel stated they were unaware of the source of the erroneous unit prices.
- The Department had several errors on the Summary of Commodity Control System and Other Inventories, which was used to reconcile to the inventory balance reported for year end GAAP purposes:
  1. The Department reported immaterial amounts for a facility that was no longer operated by the Department.
  2. The Department counted the inventory held at ICRE Roosevelt twice on the form.

Similar exceptions were reported at the Department in previous reports. An analysis summarizing the exceptions identified in the current and past 3 reports is noted in the following table:

Inventory Exceptions	Period Ending June 30,			
	2009	2008	2007	2005
Unable to determine propriety of inventory balance			X	X
Discrepancies / weakness noted in inventory balance		X	X	X
Facilities failed to inventory pharmaceuticals				X
Manual adjustments required for financial reporting			X	
Overstocking of commodities				X
Lack of or inadequate written inventory procedures			X	X
Inadequate segregation of duties	X	X	X	X
Failure to make timely adjustments to inventory records			X	X
Counts that could not be reconciled	X		X	X
Inadequate records supporting inventory changes			X	X
Inventory storage areas were disorganized			X	X
Duplicate system used to track inventory	X	X	X	X
Counting not performed at all facilities	X	X		
Failure to document who counted inventory		X		
Net adjustments over 2% not explained		X		
Errors on Summary of Commodity Control System and Other Inventories	X	X		
Purchase history unable to be reviewed	X	X		
Improperly recording values of inventory	X	X		

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that 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 and to maintain accountability over the State's resources. In addition, generally accepted accounting principles require the proper valuation and control over annual physical inventory processes to ensure complete and accurate inventories for financial reporting purposes. An improved oversight function would allow the Department to increase the accuracy of reported inventory balances and reduce deficiencies in internal control over maintaining inventory.

The Department stated they have established a centralized oversight for commodities; however, staffing shortages and the outdated system continue to contribute to the weaknesses noted for commodity inventories.

Because of the significance of the exceptions noted, specifically the overall weaknesses in the inventory and oversight function over commodities, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Strong internal controls would require an improved oversight function related to commodities. This is important considering the Department made commodities expenditures of \$41.52 million during fiscal year 2009. In addition, the Department recorded ending commodities inventories of \$8.59 million at June 30, 2009. (Finding Code No. 09-2, 08-3, 07-4, 06-2, 05-2, 03-15, 03-17, 01-9 and 99-14)

**RECOMMENDATION:**

We recommend the Department continue strengthening its oversight function related to commodities to allow for improved internal controls. Additionally, we recommend the Department implement a standardized system to perform periodic counts.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will continue strengthening its oversight function related to commodities and the process of obtaining a new Asset Management System to allow for improved internal controls.

**09-3 FINDING:** (Commodity inventory system outdated and insufficient for user needs)

The Department of Human Services (Department) 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 \$7.1 million at June 30, 2009.

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. Auditors identified 6 of 20 (30%) items tested had recorded values that varied from supporting documentation by more than 5%.

Auditors performed inventory test counts on Monday, June 29, 2009. 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. Auditors had to reconcile their inventory count taken on June 29, 2009 to the quantities on the previous Sunday night's report. Actual inventory counts are not taken on a regular basis at all locations; therefore, any errors throughout the year would not be detected for some time.

The Department counted their annual inventory for all stores from June 15<sup>th</sup> to June 22<sup>nd</sup> as opposed to June 30<sup>th</sup> which is the fiscal year end. However, the Department did count the top twenty-five most expensive items in each storeroom on June 30<sup>th</sup>. Since the Department had so many adjustments in mid June, the Department should have counted all of its inventory in its stores on June 30<sup>th</sup> in order to ensure that inventory was properly stated at the year end.

In addition, due to a breakdown in CCS during year end inventory procedures, the Department was not able to obtain an accurate inventory listing as of June 30, 2009. As a result, an archived report as of June 28, 2009 was utilized to compile inventory balances as of year end. Although the roll forward time consisted of only two days, the Department was not able to determine the remaining annual inventory count adjustments not entered as of June 28, 2009. The Department considered the omission of these adjustments to be immaterial to the financial statements.

This finding has been reported three other times. In the response to the June 30, 2008 finding the Department indicated they will continue to pursue a new real-time inventory system to allow better management of inventories.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that 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 and to maintain accountability over the State's resources.

In addition, 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 misstated.

Department personnel stated they posted a Request for Information (RFI) to investigate the affordability of a new inventory system. Based on vendor responses, Department personnel stated they planned to issue a Request for Proposal for a new system at the end of fiscal year 2010.

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

Because of the significance of the weaknesses in the Department's current Commodity Control System, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 09-2. 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. (Finding Code No. 09-3, 08-4, 07-13, 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:**

The Department accepts the recommendation. The Department agrees that an updated system is necessary to ensure full compliance with best practice commodity controls. The Department will continue the process of obtaining a new Asset Management System.



**09-4 FINDING:** (Inadequate controls over capital asset financial reporting)

The Department of Human Services' (Department) capital asset GAAP Package Forms contain several accounts that are not supported by the Department's capital asset accounting records.

During testing of the capital asset reporting system several accounts on the GAAP Package Form *Capital Asset Summary* (SCO-538) could not be traced to supporting records. The Department knew the beginning and ending balance because they had reports that generated the year end balances. As a result, in several instances activity for the year was "netted" and recorded as an equipment addition, when in fact there may have been deletions. For example, the Department has reports that calculate depreciation expense monthly or quarterly. Since it would be cumbersome to accumulate all the reports for the year, the Department records the entire difference between beginning of year and end of year accumulated depreciation as an addition to accumulated depreciation, when in fact there are probably deletions and transfers. Although the differences between "netted" and "gross" totals are not significant, additions, deletions and transfers during the year should be supported.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that 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 and to maintain accountability over the State's resources.

Department officials stated if additions, deletions, or net transfers are unknown, then the overall net change is used to get to an ending balance that agrees to the Department's property and equipment records. Department records do not always readily reflect the components of addition, deletions, and net transfers.

Because of the significance of the exceptions noted, specifically the weaknesses in the capital asset financial reporting, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

An important element of internal control is the accurate review, reconciliation and reporting of accounting data. In addition, the Comptroller's SAMS (Procedure 27.20.38) requires a State agency to report capital assets and related accumulated depreciation. (Finding Code No. 09-4, 08-5, 07-5)

**RECOMMENDATION:**

We recommend the Department review and revise, as necessary, its current system of gathering property control information to improve the accuracy of its property system records and devote necessary personnel to these tasks.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Bureau of General Accounting requested and was provided a report from Department Management Information Services (MIS) that provides property and equipment records inclusive of additions and deletions for GAAP Capital Asset Reporting. General Accounting will review fiscal year 2009 reports (provided by MIS) to ensure accuracy and completeness. If the report needs to be changed, General Accounting will communicate the changes to MIS. General Accounting will request MIS to run applicable fiscal year 2010 capital asset reports (if fiscal year 2009 reports are deemed accurate) for GAAP reporting. Staff is currently reviewing the MIS provided reports to ensure that they can be used for fiscal year 2010.

**09-5 FINDING:** (Failure to comply with Medicare and Medicaid certification requirements)

Two of the Department of Human Services (Department) facilities, Howe Developmental Center (Howe) and Tinley Park Mental Health Center (Tinley), continued to remain decertified during fiscal year 2009 due to failure to comply with requirements to be certified as eligible Medicare or Medicaid service providers.

As a result of the decertification, Howe could not bill or be reimbursed for certain services and has been scheduled for closure with a potential closure date of June 30, 2010. This will mean that nearly 265 patients will need to be transitioned to suitable facilities and 760 employees could potentially lose their jobs or be transferred to a new work location. Department management estimated there is a continuing loss of revenue for this center of approximately \$30 million annually as a result of the decertification. Failure to maintain eligible Medicare and Medicaid status not only results in lost revenue to the State, but is indicative of a perceived diminished level of care for residents of this facility.

The certification of State operated centers is administered by different organizations depending on their type. Mental health centers must comply with requirements reviewed by the Centers for Medicare and Medicaid Services (CMMS) and the developmental disability centers must comply with requirements reviewed by the Illinois Department of Public Health (IDPH). The certification requirements are numerous and complex.

Tinley, which was decertified on February 23, 2007, had applied for its recertification with the CMMS. A three day certification survey was completed on September 16, 2009. On October 21, 2009 CMMS issued their report ruling that Tinley remained out of compliance with "Special Conditions of Participation" and that the facility remain decertified. The Department disagreed with the CMMS report and filed an appeal on December 16, 2009 and is currently awaiting final review and ruling on the decertification.

As of June 30, 2009, Tinley maintains housing for only two Medicare/Medicaid patients. The Department stated patients were not transferred to other facilities during the fiscal year and estimated only \$75,000 in revenue was lost due to the continued decertification for 2009.

Because of the Department's failure to comply with Medicare and Medicaid certification requirements, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The Department was not aware of any other facilities with certification issues as of January 12, 2010. (Finding Code No. 09-5, 08-6, 07-6)

**RECOMMENDATION:**

We recommend the Department continue its efforts to recertify Tinley Park Mental Health Center. The Department should also seek final resolution of issues related to Howe Developmental Center so as to limit the amount of revenue being lost to the State.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Division of Mental Health will continue its efforts to re-certify Tinley Park Health Center. In an effort to reduce the amount of revenue lost in the General Revenue Fund, the Howe Developmental Center, in fiscal year 2010 year-to-date (5/25/10), has facilitated 62 community transitions and 170 State Operated Developmental Center transfers to restore Federal Financial Participation (FFP)/lost revenue. The remaining individuals residing at Howe (30) are projected to transition or transfer by June 18, 2010, thus restoring FFP. The effective closure date of the Center is scheduled for June 30, 2010.

**09-6 FINDING:** (Failure to update allowance for uncollectible accounts receivable in a consistent manner)

The Department of Human Services (Department) does not update its calculations for uncollectible accounts receivable in a consistent manner for the DHS Recoveries Trust Fund (921 fund). As a result, accounts receivable and the related allowance for uncollectible accounts for the 921 fund are not properly reported to the Illinois Office of the Comptroller (Comptroller) as part of the annual GAAP reporting process.

Fund 921 is a non-appropriated State trust fund established for the purpose of collecting and administering recoveries from overpayment benefits of federal assistance from whatever source derived. Recoveries may be received directly from recipients, IRS collections and offsets, and recoupments from current benefit payments.

The 921 fund reported \$463 million in gross receivables at June 30, 2009. During testing, significant inconsistencies in the calculation of estimated uncollectible accounts receivable for this fund were identified. The June 30, 2009 Quarterly Accounts Receivable Report (C97 Report), prepared by the Department's Bureau of Collections and submitted to the Comptroller reported estimated uncollectible accounts receivable of approximately 87.9% (\$407 million). The Department's General Accounting Unit adjusted the June 30, 2009 annual GAAP reporting package to report estimated uncollectible accounts receivable of 95% (\$440 million) based on a historical analysis performed in fiscal year 2006. The auditors updated the analysis last performed in 2006, the results of which indicated estimated uncollectible accounts receivable would be approximately 92.5% (approximately \$428 million) at June 30, 2009.

The Department has no standard methodology or written procedures to calculate and report uncollectible accounts receivable. The process is complicated by the fact the Department cannot simply analyze historical cash collections, but must also account for tax refund offsets and recoupment from current benefit payments. As a result, uncollectible calculations varied from \$407 million to \$440 million for Fund 921 at June 30, 2009. Even a 1% fluctuation in the calculation of uncollectible accounts receivable can cause a \$4.6 million change in the overall net amount.

The Comptroller's Statewide Accounting Management System (SAMS), Procedure 26.30.10 requires the Department to file the quarterly accounts receivable reports with the Comptroller as required by the Illinois State Collection Act of 1986 (30 ILCS 210/1). These reports include agency reports to the Comptroller summarizing receivables activity, aging of receivables, and estimates of uncollectibles. SAMS procedure 26.20.20 states each agency should examine the collection history for each type of receivable that it recognizes in order to establish guidelines for estimating the amount of debt that will be uncollectible.

Because of the significance of the weaknesses in updating the allowance for uncollectible accounts receivable, this is considered a significant deficiency in the Department's internal control. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Due to the significance of accounts receivable and the allowance for uncollectable accounts in the 921 fund, it is imperative the Department establish a standard methodology and written procedures to accurately estimate uncollectable accounts for both GAAP reporting purposes and quarterly accounts receivable reporting with the Illinois Office of the Comptroller. (Finding Code No. 09-6)

**RECOMMENDATION:**

We recommend the Department establish a standard methodology and written procedures to analyze and calculate the estimated uncollectible percentages for the 921 fund, and ensure estimated uncollectibles are fairly presented in a consistent manner.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Bureau of General Accounting estimated Allowance for Uncollectible Accounts to be 95% in the annual Fund 921 GAAP package (in compliance with historical external auditor recommendations). The Bureau of Collections utilized their own internal statistics to estimate Uncollectible Accounts on the SCAAR Report (C-97). There does not appear to be a SAMS or Statutory requirement that states the C-97 and GAAP Allowance for Uncollectible Accounts must agree. However, a new (verbal) policy communicated to the Department by the Illinois Comptroller in February, 2010 (six months after Fund 921's GAAP package and the C-97 were submitted) required that the fiscal year 2009 C-97 and GAAP package Allowance for Uncollectible Accounts must agree. Therefore, the Bureau of Collections agreed to amend the C-97 to agree to Fund 921 GAAP package Allowance for Uncollectible Accounts estimated percentage (in order for the Illinois Comptroller to release the Department's GAAP package). In the future, the Bureau of Collections has agreed to utilize a template that estimates for Allowance for Uncollectible Accounts based upon the five year average Fiscal Year Collections (per Bureau of Collections) to Gross Receivables (per SCAARS report) percentage (%).

**AUDITOR'S COMMENT:**

The Department responded the Bureau of General Accounting estimated the allowance for uncollectible accounts to be 95% in the Fund 0921 GAAP fund reporting package (in compliance with historical external auditor recommendations). A similar finding was reported for the audit period covering the two fiscal years ended June 30, 2003. (Finding 03-11, "Failure to update allowance for uncollectible accounts receivable in a consistent and timely manner.") Auditors recommended the Department "periodically analyze the

estimated uncollectible percentages...and ensure estimated uncollectibles are fairly presented in a consistent manner.” The 95% allowance for uncollectible accounts was based on a collaborative analysis with the auditors and the Department in December 2001 and was used for the June 30, 2001 financial statements. Finding 03-11 was written because the analysis had not been updated. In response to the finding and recommendation, the Department replied:

“We agree. A written procedure is being developed which will identify the process used to establish allowances for uncollectible accounts. These allowances will be *reassessed annually* (emphasis added) and will be consistently used in SCAAR and GAAP reporting.”

The Department subsequently implemented a process to develop a historical analysis of gross receivables and collections to determine an allowance for uncollectible accounts. However, contrary to the Department’s response, the annual reassessment ceased after fiscal year 2005 for no apparent reason.

It should be noted that external auditors are not a contractor, employee, or management member of the Department and therefore are not a component of internal control. In addition, external auditors do not set policy for the Department. The Department failed to follow our recommendation and its own corrective action plan.

The Department also responded, “There does not appear to be a SAMS or Statutory requirement that states the C-97 and GAAP Allowance for Uncollectible Accounts must agree”, making it appear the Department was unaware the two reports must agree. To reiterate, in its response to Finding 03-11, the Department responded, “These allowances will be reassessed annually and will be *consistently used in SCAAR and GAAP reporting.*” (Emphasis added.) The Department agreed in 2003 to have its Allowance for Uncollectible Accounts agree on both its SCAAR Report (used for C-97 reporting) and GAAP reports but then failed to do so.

## FINDINGS (STATE COMPLIANCE)

### 09-7 **FINDING:** (Child care provider addresses matched to Illinois Sex Offender Registry)

The Department of Human Services' (Department) Child Care Assistance Program (CCAP) provides low-income, working families with access to quality, affordable child care that allows them to continue working. Child care services in Illinois are provided through a system of government agencies, not-for profit agencies, regional resource and referral agencies, community child care facilities, and organizations representing the interests of children, families and providers.

Participants choose the child care provider who best fits their individual needs, and care is available on a full-time or part-time basis including care before and after school. Parents can use licensed or license-exempt child care centers, family homes, licensed group child care homes, in-home and/or relative care. Parents that participate in the program share in the cost of the child care in the form of a co-payment. The parent co-payment is based on income, family size, number of children, and the number of hours per week the child(ren) is(are) approved for care.

According to the Department's' Annual Child Care Report, in fiscal year 2008 the CCAP supported an average of 172,300 children from 91,100 families each month. The Department expended \$634 million related to child care assistance in fiscal year 2008.

#### **Sex Offender Registry Match**

The Department's rules (89 Ill. Adm. Code Sec. 50.240c) require that payments will not be made to a provider (even if operating within a setting exempt from licensing) who has been convicted of crimes enumerated in 89 Ill. Adm. Code 385, Background Checks, nor will such person be considered available to provide care. These background checks include whether the provider is included on the Illinois Sex Offender Registry.

The Department's Child Care Program Manual (05.01.01) states, "*Payments will not be made to a provider (even if operating within a setting exempt from licensing) who has been convicted of crimes enumerated in 89 Ill. Adm. Code 385, Background Checks.*" The Department's Child Care Manual also bars anyone from "***residing in a family home in which a child care facility operates***" (05.04.01) who has been included in the Illinois Sex Offender Registry or convicted of committing or attempting to commit a variety of serious criminal offenses.

Data downloaded from the Illinois Sex Offender Registry was compared with data received from the Department of all child care providers who received a payment in fiscal year 2009. According to data provided by the Department, 79,122 providers received a payment for child care assistance services during fiscal year 2009. Auditors matched the addresses of these providers with the addresses of sex offenders contained in the Illinois Sex Offender Registry maintained by the Illinois State Police as of November 18, 2009. Ninety instances were identified in which a Department child care provider's address matched an address of a registered sex offender.



Simply because there is a match in addresses does not mean there was a sex offender living at the location where child care was being provided. For example, addresses included in the Illinois Sex Offender Registry are self-reported by the offender and there is a possibility some addresses may be inaccurate or out of date. As such, it is important that each of these matches be investigated to protect the well being of the children involved.

Auditors notified the Department of these 90 matches on December 16, 2009, to provide the Department with an opportunity to determine whether sex offenders were residing at addresses where child care was being provided, which would be in violation of section 05.04.01 of the Department's Child Care Manual. One of the 90 matches was an actual provider who was listed in the Illinois Sex Offender Registry for Aggravated Criminal Sexual Assault. He received two payments in fiscal year 2009 for a total of \$187.69.

For the other 89 addresses that matched, an individual listed in the Illinois Sex Offender Registry had the same address as the provider. According to Department officials, 59 of these 89 providers were no longer providing services. For these 59 cases, the Department entered into its provider database that a sex offender is registered as living at the provider's address. In 6 other cases, the address of the provider was different than the address in the matched data.

Of the remaining 24 providers, the Department reported:

- 21 providers were related to the children for whom they provided care, and
- 3 providers were not related to the children.

According to Department officials, the Department has no authority to investigate anyone but the child care provider. Systems were not in place to routinely match to the Sex Offender Registry. Officials stated that according to Department Legal Counsel, they cannot stop payment to these providers. The Department has sent letters to the parents of the children involved notifying them that a sex offender is listed at the same address for these 24 cases. The letter notifies the parent and allows them to check a box if they were aware that a sex offender lived at the provider's address and whether they want to continue care. The Department also sent letters to the providers asking them to certify whether or not a sex offender lives in the home where care was being provided.

In addition to the 90 matches, auditors provided the Department with 15 other instances in which, although there was an address match between the two databases, there may have been other extenuating circumstances (e.g., the children in the home have the same last name as the offender and therefore may be the offender's children). Also, because some addresses for the same residence are entered differently in the Child Care Tracking System data and the Illinois Sex Offender Registry (e.g., 5th Street, 5th St., Fifth St.), the probability that there are more matches than identified is high.

According to Department policy (05.03.01), all persons 13 years and older living in the provider's home are checked against the Department of Children and Family Services, Child Abuse and Neglect Tracking System (CANTS). However, the Department does not provide a space for applicants or providers to list other persons that live in the same household as the provider on the Child Care Application. In addition, these checks are only required to be performed every two years.

**Public Act 96-632**

Effective August 24, 2009, Public Act 96-632 established a criminal history record checks task force to review and make recommendations to create a more centralized and coordinated process for conducting criminal history record checks. The task force is required to provide a plan to revise the criminal history record checks process to the General Assembly by January 1, 2011. The Department is required to have a representative on this task force. The Department is also required to promulgate rules to set standards for determining when to disqualify an unlicensed child care provider for payment.

Failure to follow established Department rules and policies has led to putting children at risk when receiving child care at certain providers. (Finding Code No. 09-7)

**RECOMMENDATION:**

We recommend the Department of Human Services ensure that children for which the State is assisting with child care costs are not placed in arrangements in which the provider or other members of the household are listed on the Sex Offender Registry. Specifically, the Department should:

- Periodically match the addresses of child care providers with those addresses listed in the Illinois Sex Offender Registry; and
- Revise the Department's application for assistance to include space to list all persons residing at the address where care will be provided.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department has sent letters to the parents of the children involved notifying them that a sex offender is listed at the same address for these 24 cases. The letter notifies the parent and allows them to check a box if they were aware that a sex offender lived at the provider's address and whether they want to continue care. The Department also sent letters to the providers asking them to certify whether or not a sex offender lives in the home where care was being provided. The Department will periodically match the addresses of child care providers with those addresses listed in the Illinois Sex Offender Registry.

**09-8 FINDING:** (Child care assistance payments and tuition)

In July 2009, the Office of the Auditor General released a Management Audit of the \$1 Million Grant to Loop Lab School. The audit contained a recommendation to the Department of Human Services (Department) regarding the use of child care assistance funds for tuition payments. As part of the of the compliance examination of the Department, testing was conducted to determine if other providers were also using child care funds to cover the cost of tuition.

According to Department policy, school age children attending a private or parochial school are not eligible for child care assistance to cover the cost of tuition. Department policy defines “school age” as a child who turns 5 on or before September 1 and is enrolled in kindergarten or a child who is 6-12 years of age and is enrolled in school. The policy further states if kindergarten is provided at a child care center, the child is only eligible to receive child care services for the portion of the day that is not spent in kindergarten and that any tuition for the kindergarten program must be paid by the parent (Department policy 01.04.02).

The Department provided a download of school age children that received full-time child care assistance during fiscal year 2009 for certified providers. Full-time care is defined as five hours or more of care during each day. The download provided by the Department contained 80,597 payments for a total of \$37,387,992 in payments for fiscal year 2009.

A sample of 25 payments to providers for school aged clients receiving full-time reimbursement was selected for testing. Files for these 25 clients were examined at their respective Child Care Resource and Referral (CCR&R) agency office (Springfield, Granite City, and Chicago) to determine if these funds may have been used for tuition purposes. The Department contracts with 16 CCR&Rs around the State to operate the Child Care Assistance Program. For questionable cases, additional documentation was requested from the CCR&R to show whether or not the child was attending school at the provider. Sign-in sheets were also requested from the provider in some cases to show the hours of care for the service month tested.

The following exceptions were found as a result of testing procedures performed:

- Four cases were identified in which a school age child attended a private or parochial school and the Department paid full-time reimbursement when part-time reimbursement should have been used. These four cases totaled \$2,330. The school may have used this overpayment to cover the cost of tuition. The Department and the CCR&Rs do not ask the parent or guardian to disclose on the application whether the child is attending school at the provider.
- For six other cases, auditors could not determine whether funding was used for tuition or whether reimbursement should have been part-time or full-time because report cards, attendance records, or sign-in/out sheets could not be obtained. These six cases totaled \$3,139. In one case, there was a flood and records could not be obtained. In another, the provider had moved and was operating under a different name and

records could not be obtained. For the remaining four providers, one provided sign-out sheets but no sign-in sheets, one provided a report card but no sign-in or sign-out sheets, and two provided no documentation. Providers are not required to submit documentation of time in care to the CCR&R or the Department as part of the payment process. However, without this documentation, the Department cannot ensure that providers are receiving appropriate reimbursements.

Department management stated the cause of the finding is partially oversight and partially human error. Many school age children are eligible for full time care and the Department was not asking enough specific questions about their daily arrangements to adequately determine this in all cases. Department management noted they have now implemented some controls to strengthen its internal controls over the payment of childcare funds for school aged children.

Failure to follow established Department policy has led to overpayments being made to providers. (Finding Code No. 09-8)

**RECOMMENDATION:**

We recommend the Department strengthen its internal controls over the payment of child care funds for school aged children. Specifically, the Department should:

- Ask parents and guardians to disclose whether school age children attending private or parochial schools for care are attending classes with the provider.
- Verify for providers receiving full-time reimbursement that the hours in care do not include the school day.
- Ensure that providers keep appropriate documentation to show the hours in care.
- Seek reimbursement from those providers that were determined to have received overpayments.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department, Bureau of Childcare will implement a process to ask parents and guardians on the child care application to disclose whether school age children attending private or parochial schools for care are attending classes with the provider. The Bureau will add a provider certification statement to the childcare application to verify for providers receiving full-time reimbursement that the hours in care do not include the school day. The Bureau will ensure providers keep appropriate documentation to show the hours in care. They will also seek reimbursement from those providers that were determined to have received overpayments.

**09-9 FINDING:** (Weaknesses over implementing fee-for-service conversion)

The Department of Human Services’ (Department’s) Division of Mental Health is in the process of converting from grant based payments to fee-for-service payments to providers of mental health services. During our testing, we noted numerous weaknesses in this conversion process.

The Department entered into a Memorandum of Understanding: Community-Based Mental Health Services Fee for Services Conversion (MOU) effective July 2, 2004 and amended January 10, 2005. A consultant hired by the Department during fiscal year 2005 recommended that, due to understaffing and inadequate information technology capability, the Department contract with an administrative service organization (ASO) to implement the conversion process. Department management stated the goal of the conversion was to encourage productivity, efficiency, accountability, improve mental health services, and maximize federal funds earned. The Department continued to contract with the original consultant as well as the ASO and the University of Illinois at a total cost of \$17,306,997 during the engagement period as follows:

	<u>FY 2008</u>	<u>FY 2009</u>	<u>Total</u>
ASO	\$ 6,770,468	\$ 9,035,431	\$ 15,805,899
U of I	234,052	242,422	476,474
Consultant	<u>575,853</u>	<u>448,771</u>	<u>1,024,624</u>
Totals	<u>\$ 7,580,373</u>	<u>\$ 9,726,624</u>	<u>\$ 17,306,997</u>

We noted the following weaknesses with the conversion process and the related contracts.

- The fee-for-service conversion is not complete. The Department was still funding the mental health providers with grant payments through fiscal year 2009. Planning began during fiscal year 2005. One consultant estimated the conversion could be in place by July 1, 2007 if the Department adhered to procurement timelines and implementation timeframes. Based on a revised fiscal year 2009 deliverables’ timeline, many of the requirements are not set for ‘go-live’ implementation until after January of 2009. Department officials noted necessary staffing resources were not available in time to move to fee-for-service on July 1, 2007.
- There was no substantiation for payment of \$157,000 to the ASO. We noted a contract for fiscal year 2008 included a provision for \$157,000 to be paid to the ASO for “amortized expenses” that “reflects legitimate start up expenses and shall not require further substantiation by Vendor in order to receive payment from State upon Reconciliation.” Due to the lack of documentation, we were unable to determine the nature of these costs, if they related to the contract, or if they were incurred by the vendor prior to the execution of the contract.

- The contracts with the ASO for fiscal years 2008 and 2009 stated final contract payments would be made to the ASO no sooner than 30 days following the end of each fiscal year's contract (7/30/08 and 7/30/09). This contract provision was to allow the Department to determine if performance measures were met and if any amounts should be withheld from the final payments. Final payments for fiscal year 2008 and 2009 were processed in the Department's Consolidated Accounting and Reporting System (CARS) on June 9, 2008 and July 2, 2009, respectively, prior to final review of performance measurements. The Department subsequently noted it overpaid the ASO \$1,785,185 for fiscal year 2008. The Department notified the ASO of the overpayment on September 25, 2008 and that the overpayment would be applied toward fiscal year 2009 contract payments. However, the ASO responded that it would retain this amount for other contract services that it was not able to complete for fiscal year 2008 due to the late start of the initial contract which was not executed until December 2007. Enhancements that had not been detailed on the original deliverables' timeline also were to be funded by this overpayment in fiscal year 2009. As a result, the ASO was prepaid for services that were not completed until the subsequent fiscal year.
- The Department failed to timely withhold \$101,557 for the ASO's failure to meet performance standards established by contract for fiscal year 2008. The amount was to be withheld 50% from each of the first two payments (July 2008 and August 2008) for fiscal year 2009; however, the amount was not withheld until March and July 2009. In addition, when the amount was withheld during July 2009, the Department erroneously withheld the entire amount rather than only 50%. The other half had already been withheld during March 2009. This amount was to be netted against the \$1.7 million overpayment.
- The ASO did not provide contract deliverables on a timely basis. These deliverables included a monitoring plan and work plan. Six deliverables were submitted from 4 to 52 days late. Many deliverables had to be carried over to fiscal year 2009 due to the delayed delivery of specific information from the Division of Mental Health.
- We noted two retired Department employees who went to work for the ASO and one retired employee who went to work for the consultant who hired the ASO. Though these arrangements may not have violated any laws related to conflicts of interest they project an appearance of being a conflict. One employee had a final pay of approximately \$50/hour when he retired from the Department, but was reimbursed 96 hours at \$125/hour by the consultant paid by the Department.
- The Department entered into agreements with the University of Illinois (U of I) to hire retired Department personnel who had been instrumental in the conversion process or who were involved in the contracting process to hire the ASO. The Department paid the U of I \$234,052 and \$242,422 in fiscal years 2008 and 2009, respectively, directly related to the fee-for-service conversion process. Outside of subcontracting with former retired Department employees there did not appear to be a substantive purpose for utilizing the U of I for these agreements (see also finding 09-10).

- Payments to the ASO, the U of I and the consultant were paid from awards and grants appropriations. These same awards and grants appropriations are used to pay for provider services. Prior to the conversion to a fee-for-service methodology, processing provider payments was handled by Department personnel paid from administrative appropriations. Paying the ASO from the same appropriations used to pay providers has had the effect of reducing the funds available to providers.

The Department entered into a MOU to improve the system of publicly funded mental health services to meet the expectations of stakeholders including consumers, providers and taxpayers and to maximize the use of available funding and federal (Medicaid) funds earned. Further, the goal to transition to fee-for-service was to encourage productivity, efficiency, and accountability and allow monies to follow the need. Failure to timely follow the MOU delays the Department's ability to provide improved mental health services and maximize federal funds earned.

Department personnel stated the weaknesses over implementing fee-for-service conversion is primarily due to inadequate staffing. The objectives in implementing fee-for-service assumed staffing levels that the Department has been unable to maintain primarily due to lack of funding.

The above weaknesses indicate a lack of control over the fee-for-service conversion process which has delayed the overall implementation to a fee-for-service framework. (Finding Code No. 09-9)

**RECOMMENDATION:**

We recommend the Department follow through and adhere to the MOU concerning its plans to convert to fee-for-service framework. It should also administer contracts in accordance with the terms agreed to with the vendors and documented in writing.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department agrees to administer contracts in accordance with the terms agreed to with the vendor.

**09-10 FINDING:** (Contracts with the University of Illinois to hire subcontractors and retired State employees)

The Department of Human Services (Department) entered into agreements with the University of Illinois (U of I) without substantive purpose other than what appeared to be to avoid the requirements to competitively procure those type of services. Weaknesses noted included the following:

- Retired Department of Human Services (Department) employees were hired by the U of I as subcontractors to work on various Department projects. Because of this arrangement, there is potential for the retired former employees to work more than the legislatively mandated 75 day maximum while receiving State pension benefits, as opposed to if the former employees had been directly contracted by the Department. Subcontracting with former retired Department employees appeared to be an important part of the purpose for utilizing the U of I for these agreements.
- The Department incurred \$226,728 of additional indirect costs by utilizing the U of I for these agreements versus contracting with the subcontractors itself.
- By utilizing the U of I, the Department did not follow its normal contracting processes for competitive procurement of these type of services in accordance with the Illinois Procurement Code.

During the audit period, the Department entered into two contractual agreements and paid the U of I \$745,000 and \$1,749,000 in fiscal years 2008 and 2009, respectively, to hire twelve subcontractors to provide various services for the Department. Six of these subcontracts were with former Department personnel who had retired from the Department. Former employees receiving State pension benefits are limited in the number of days they can work for the State after retirement (75 days). The Department circumvented their responsibility to follow this requirement by contracting with the U of I to hire these individuals as subcontractors to continue to work on Department business.

40 ILCS 5/14-111 of the Illinois Pension Code (Code) sets forth the criteria regarding retired State employees accepting temporary employment from a State agency, commonly referred to as the “75 day rule”. The Code allows an annuitant (retired employee) to work up to 75 days at a State agency and not lose their retirement benefit. The 75 day rule allows State agencies to still access key talent which retired, but also to reduce overall costs by having higher paid employees retire and remain off the State payroll. These contracts circumvent the intent of the legislature by indirectly hiring back retired employees for periods that could potentially be longer than 75 days.



As part of the contractual agreements the Department paid a 10% administrative fee (indirect cost) to the U of I to administer the contractual agreements. Totals paid by the Department to the U of I under these agreements were as follows:

	<u>FY 2008</u>	<u>FY 2009</u>
Base payments	\$ 677,273	\$ 1,590,004
Indirect costs (10% administrative fee)	<u>67,727</u>	<u>159,001</u>
Total	<u>\$ 745,000</u>	<u>\$ 1,749,005</u>

Normally, Department staff in specific program areas would assess their needs and enter into separate contracts as appropriate. The agreements with the U of I did not follow the normal Department contracting process. There was an entire array of unrelated consultant services in these two agreements including but not limited to:

- Fee-for-service conversion consultation
- Consumer relations manager
- Supportive housing assessment
- Children’s initiative
- Strategic planning
- Grant writing
- Policy development
- Tinley Park consultants

The Illinois Procurement Code (Code) (30 ILCS 500/35-5) “Procurement of Professional and Artistic Services” sets forth the procedures the Department must follow when entering into professional and artistic (P & A) services contracts. The Code (30 ILCS 500/35-30(a)) states, “All State contracts for professional and artistic services, except as provided in this Section, shall be awarded using the competitive request for proposal process outlined in this Section.” The Code further requires P & A services contracts \$20,000 or greater must be bid, and for contracts exceeding \$25,000, evaluation and ranking by price are required. We noted 23 subcontracts with vendors or former employees under the U of I agreements in excess of \$20,000. The Department has a formalized process for obtaining P & A services in compliance with the Code, including processes for approving the need for services, developing and issuing Requests for Proposals, working with the Department of Central Management Services to obtain bids, evaluating bids, selecting vendors, and drafting and awarding contracts. However, contracts between State agencies are exempt from the Code (30 ILCS 500/1-10(b)(1)). By utilizing the U of I to subcontract for these services, the Code and all of the Department’s contracting processes are circumvented.

Department personnel stated since contracting with state universities are exempt from the procurement code, the Department views these contracts as not circumventing the contracting process.

By utilizing the U of I to hire these subcontractors, the Department loses direct control over subcontractors working on Department projects. It also incurred \$226,728 of additional indirect costs it would not have incurred had the Department contracted with these subcontractors itself. The Department also indirectly avoided the requirement to competitively procure these type of services by utilizing U of I to hire the subcontractors. In addition, the Department was unable to ensure retired employees working as subcontractors did not exceed the mandated maximum allowed days to work for the State and draw their pension benefits. (Finding Code No. 09-10)

**RECOMMENDATION:**

We recommend the Department discontinue the practice of contracting with the U of I, or any entity, to hire former retired Department employees and follow the established contracting processes.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. In the future, when the Department desires to hire retirees, the Department will use the established contracting procedures.

**09-11 FINDING:** (Inadequate reconciliation procedures over mental health service payments)

The Department of Human Services (Department) lacks adequate procedures for reconciling payments to providers for mental health services.

The Department includes an attachment to each service provider contract that contains elements and requirements that are common among the programs administered by a Division within the Department. The service provider contract attachment for the Department's Division of Mental Health providers addresses payment and reporting requirements and defines certain key terms. Payment by the Department falls into various categories including fee-for-service, purchase of service, and capacity grants.

In order to aid the Department in reconciling payments made to providers, providers must submit various reports depending on the amount and types of services or programs for which they receive payments. Near the end of the fiscal year, the Department sends out a notice of the reporting requirements to each provider. The reporting requirements include a Consolidated Financial Report (CFR) and/or a Grant Report. The CFR is used for programs subject to cost-based rate setting or cost/revenue analysis which includes fee-for-service and purchase of service payments. The Grant Report is used for all other programs and compares payments sent by the Department to the provider to eligible expenses incurred by the provider and includes capacity grants. The provider's contract cover sheet indicates the programs covered by the contract and how each will be reconciled.

However, the notice sent by the Department to providers listing which programs were to be reported on the fiscal year 2008 Grant Reports did not list the individual programs to be reported. Instead the letters referred only to 'mental health programs'. The manner in which mental health services are listed on the contract cover sheet is confusing as well. The Medicaid and non-Medicaid programs are listed as "Grants" subject to the Illinois Grant Funds Recovery Act but reconciled based on "Services".

The Department made payments as grants to providers for Medicaid and non-Medicaid services that should have been made as fee-for-service payments. The Department made these grants due to weaknesses in its plan to convert funding to mental health providers to a fee-for-service basis (see finding 09-9). As a result, the Department is not reconciling these payments against the appropriate expenditures which should be accepted bills processed by the Department of Healthcare and Family Services (HFS) or its agent. The Department sent out supplemental instructions for mental health service providers that the providers were not expected to separate Medicaid and non-Medicaid costs. These instructions contradict the terms of the attachment to the contract for these services which specifically require any surplus advances be reconciled based on expenses.

In addition, the Department is not comparing grant funded expenditures reported by providers to grant advances paid to the providers in a consistent manner. The Department performs reconciliations by comparing total payments made to providers for mental health services (reduced by Medicaid approved billings as reported by HFS) to total expenses for all mental health services which are lumped together from the Grant Reports submitted by providers. The contract attachment requires the reconciliations be prepared for each individual program.

It was noted 4 of 10 (40%) mental health providers tested had lapsed funds subject to recovery for Medicaid and Non-Medicaid advances. The lapsed balances subject to recovery under the Illinois Grant Funds Recovery Act (Act) (30 ILCS 705) ranged from \$8,053 to \$137,066.

In addition, auditors were unable to trace providers' expenses reported by program to the Department's reconciliations for 1 of 10 (10%) providers tested. The expenses related to Medicaid and non-Medicaid services were commingled with grant supported expenses, which are for services and activities that are not suitable for payment on a fee-for-service basis.

Department Administrative Directive "Grant Funds Recovery Process" (01.07.01.020) states by mid-March of each year, Department program divisions identify grants and the reconciliation method to be used. The Department's Office of Contract Administration (OCA) analyzes the information and identifies grants to be reconciled by the expenditure method for which OCA is responsible for those reconciliations. Program divisions are responsible for reconciling all grants on the basis of services. The Department has created problems by defining key terms in the administration of grants that are inconsistent with the Illinois Grant Funds Recovery Act. Department Rules (89 Ill. Adm. Code 511.15) includes the following definition:

"Grant - means a program that receives all or part of the funding in advance of the actual delivery of services. This includes prorated prospective payments and payments made by the Department on an estimated basis or any other basis when the Department does not know the actual amount earned by the provider. This does not include advance payments made under the authority of Section 9.05 of the Illinois Finance Act [30 ILCS 105/9.05]. All funds paid as a grant are subject to the Illinois Grant Funds Recovery Act [30 ILCS 705]."

The Department's Administrative Directive 01.07.01.020 also defines grants similarly. However, the Act (30 ILCS 705/2) defines grants differently, "Grant funds are any public funds dispensed by a grantor agency to any person or entity for obligation, expenditures, or use by that person or entity for a specific purpose or purposes." The Act goes on to state, "Funds disbursed in accordance with a fee for service purchase of care contract are not grant funds for purposes of this Act. Neither the method by which funds are dispensed whether by contract, agreement, grant subsidy, letter of credit, or any other method nor the purpose for which the funds are used can change the character of funds which otherwise would be considered grant funds as defined in this Section." The timing of payments does not change the character of the underlying program service.

Department management stated the Department lacked adequate reconciliation procedures over mental health service payments. The Department, Office of Contract Administration (OCA) will send a memo to all program divisions, explaining which grant programs OCA will closeout and review the material to ensure consistency

Lapsed funds are not being determined by program. Consequently, some providers have been allowed to retain funding that should have been returned to the Department. The Department's current execution of reconciliations results in noncompliance with Rules, provider contracts, and Administrative Directives which limits the Department's oversight of providers and how they use State funds. Expenditures for the Department's Division of Mental Health totaled \$437.2 million and \$434.3 million for fiscal years 2008 and 2009, respectively. (Finding Code No. 09-11)

**RECOMMENDATION:**

We recommend the Department require providers report only grant related expenditures by individual program on the Grant Report submitted as a part of their financial reporting package. Medicaid and Non-Medicaid expenditures should not be shown on the Grant Report. In addition, expenditures should be reconciled by Department personnel who are tracking payments to Mental Health providers. The Department should also compare the payments to the providers' Medicaid approved billings to identify lapse payments more effectively.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department, Office of Contract Administration (OCA) will send a memo to all program divisions, explaining which grant programs OCA will closeout and review the material to ensure consistency. OCA will also develop materials for Financial Reporting Packets and send each provider material on how to fulfill financial reporting. OCA will hold the Department, Division of Mental Health to same standards as all other divisions.

**09-12 FINDING:** (Inadequate procedures for disposal of confidential information)

The Department of Human Services (Department) had not ensured adequate procedures existed 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. Although the Department has established several administrative directives regarding the disposal of confidential information, procedures for properly disposing of confidential information were not adequate and were not always being followed by Department employees.

While performing walkthroughs at the Department's Central Office, confidential information (print outs with names and social security numbers) were found near printers that had been there for several hours.

In addition, several documents containing confidential information were found in trash or recycle bins while performing visits at certain Department facilities. For example:

- At the Jacksonville Developmental Center, numerous examples of personal information were found within unsecured bins which are picked up weekly for shredding. Specifically found were:
  - Clinical Record Face Sheet showing SSN, resident and family names/addresses, significant health changes in past year, consultation, diagnostics, medication list and changes, and special medical needs.
  - A list of persons served and the number of anti-epileptic drugs taken for seizures.
  - The unit/subunit daily census listing which lists the name of the persons served and his/her ID number.
- At the Illinois School for the Visually Impaired, several examples of personal information (student names, birth dates, grades, IDs, and dorm assignments) were found in two different waste baskets.
- At the Fox Developmental Center, laboratory listing with a patients name and ID, and a service plan for one patient, including patient name, date of birth, living area, ID number and patient's family member names, were found in a waste basket.
- At the Alton Mental Health Center, patient discharge information with name and address was found in a waste basket. Also a box of confidential information to be shredded was found in an unlocked office and a pharmacy pick list with resident's names and IDs was found in an unlocked recycle bin.

Confidential, sensitive and personal identifiable (including personal health information) 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.

The Department stated employees inadvertently disposed of confidential information improperly.

Failure by the Department to enforce compliance with its procedures to protect and timely dispose of confidential information can lead to such information being compromised. (Finding Code No. 09-12, 07-9, 05-25)

**RECOMMENDATION:**

The Department should assess its procedures (including all facility procedures) for safeguarding, retention and subsequent disposal of all confidential information. The Department should ensure it is complying with all state and federal requirements.

Procedures should be Department-wide and include procedures for properly disposing of confidential information (shredding is an acceptable method) including clearly defined procedures for disposing of confidential information on electronic media including computer drives that are unable to be cleansed using established cleansing procedures.

Once established, the Department should effectively communicate the procedures to all Department personnel, and enforce compliance with its procedures to ensure all confidential information is kept secured until no longer needed, and then properly forwarded for retention until materials can be subsequently disposed.

**DEPARTMENT RESPONSE:**

The Office of HIPPA Compliance has enhanced the Department's procedures for safeguarding, retention and subsequent disposal of all confidential information to ensure compliance with all state and federal requirements.

**09-13 FINDING:** (Weaknesses in contract administration)

The Department of Human Services (Department) failed to ensure proper controls were established in the administration of its contracts during the examination period.

During testing of 63 contractual agreements at the Central Office, the following weaknesses were identified in contract administration:

- 15 of 63 (24%) contracts totaling \$1,274,110 did not include one or more required disclosures of financial interest. The Illinois Procurement Code (30 ILCS 500/50-35(a)) states, “All offers from responsive bidders or offerors with an annual value of more than \$10,000 shall be accompanied by disclosure of the financial interests of the contractor, bidder, or proposer. The financial disclosure of each successful bidder or offeror shall become part of the publicly available contract or procurement file maintained by the appropriate chief procurement officer.”
- 1 of 63 (2%) contract agreements totaling \$13,450 did not include the State Board of Elections Certification. Illinois Office of the Comptroller Statewide Accounting Management System (SAMS) procedure 15.20.30 regarding professional or artistic contracts and procedure 15.20.50 regarding other contract liabilities require these contracts include the State Board of Elections Certification.
- 1 of 2 (50%) emergency procurements totaling \$59,811 for software subscription and maintenance did not have an affidavit on file with the Auditor General. The contract indicated this was an emergency purchase, but the Department could not locate an emergency purchase affidavit. The Illinois Procurement Code (30 ILCS 500/20-30(c)) states, “A purchasing agency making a procurement under this Section shall file affidavits with the chief procurement officer and the Auditor General within 10 days after the procurement setting forth the amount expended, the name of the contractor involved, and the conditions and circumstances requiring the emergency procurement.”
- The Department could not provide evidence 14 of 33 (42%) professional or artistic contracts totaling \$1,097,255 were monitored in order to ensure services were received in accordance with the terms of the contracts. A system of good internal control would dictate the Department perform monitoring of services procured under all contractual arrangements to ensure State resources are being used for their intended purpose. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.
- 4 of 15 (27%) contractual agreements totaling \$2,061,025 which required specific reports be submitted by the vendor were not submitted timely. The vendors submitted reports to the Department 1 to 12 days late. The vendors are required to comply with all terms and conditions of written contract agreements.



- Department policy requires a Contract/Agreement Approval Form (CAAF) be completed for each contract or any amendment which increases the dollar amount contracted. Department Administrative Directive 01.07.01.010 requires all necessary signatures and initials be originals and on the same page of the CAAF. Eight of 63 (13%) contractual agreements contained multiple CAAF forms to illustrate approvals. Department personnel stated the final approval process is performed at weekly roundtable group meetings where the CAAF is to be signed. They indicated it has become increasingly difficult to get all of the people required to sign the CAAF at the meetings at the same time. The roundtable meetings have transitioned to teleconferences and CAAF forms are signed and faxed in at various times. Consequently, more than one copy of the CAAF appears in many contract files.

Department management stated the weaknesses were due to oversight to ensure that Department procedures were followed.

Failure to properly administer and monitor contractual agreements to ensure compliance with all applicable statutes, procedures, and Administrative Directives could potentially compromise public accountability and oversight. In addition, a lack of monitoring increases the risk of paying for services which are not provided and can lead to goods or services being provided that fail to meet the criteria outlined in the contractual agreements. (Finding Code No. 09-13)

**RECOMMENDATION:**

We recommend the Department:

- Follow procedures that require all disclosures of financial interest;
- Follow procedures to include all State Board of Elections Certifications;
- Follow procedures to file all emergency purchase affidavits with the chief procurement officer and the Auditor General;
- Develop a comprehensive program to monitor contractual agreements which includes documenting the monitoring efforts;
- Implement procedures to ensure all required reports be submitted by vendors in a timely manner; and
- Strengthen the CAAF approval process to ensure all required signatures are obtained in a timely manner on the original CAAF, or consider amending their Administrative Directive to take into consideration the use of teleconferencing.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department State Purchasing Officer (SPO) will follow the Emergency procedures in the Department's Procurement Manual to ensure that all Emergency Purchase Affidavits are filed with the Chief Procurement Officer and the Auditor General.

**09-14 FINDING:** (Untimely signing and execution of written contract agreements)

The Department of Human Services (Department) Mental Health and Developmental Centers and Schools (facilities) and Central Office did not sign contracts before their starting date.

During contract testing, the following exceptions were noted:

- Facility auditors identified exceptions at 9 out of 21 of the Department's facilities. For the 9 facilities with identified exceptions, 16 of 148 (11%) 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 71 days, with a range of 8 days to 172 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 \$2.4 million.
- During testing of administrative contracts at the Department's Central Office, 3 of 60 contracts (5%) 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 91 days, with a range of 76 to 122 days. The contracts were for legal services. The total amount of exceptions identified was \$270,000.

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.

Department management stated contracts were not signed in a timely manner due to the Department's internal process of preparing and approving all required forms, 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. 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. 09-14, 07-17 and 05-9)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department is establishing and implementing a change in policy to streamline contract approval process.

**09-15 FINDING:** (Internal control weaknesses in the Home Services Program)

During testing, numerous internal control weaknesses were identified in the Department of Human Services (Department) Home Services Program (HSP) managed by the Department's Division of Rehabilitation Services (DRS). These weaknesses were also noted in a previous Department 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 2008 and 2009, the Home Services Program maintained 44 offices (43 in fiscal years 2006 and 2007) and, over the course of those two years, on behalf of the customers, paid 38,850 personal assistants at a cost of \$347,200,000 and paid 39,927 personal assistants at a cost of \$382,200,000, 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. The HSP division also has a fraud division that was established to identify and address fraudulent activities in this area.

The auditors noted through testing and discussions with HSP and fraud division personnel that the following weaknesses were still prevalent during the current 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.
- The Quality Assurance Unit reviews between 92 and 202 case files per month. This is an average of 2 to 4 case files each month per office. This review process results in less than 10% of case files being reviewed each year which is not adequate to ensure staff are compliant with program requirements.
- There were inconsistencies throughout the local offices in the supervisor's monitoring of the counselors' activities. Several supervisors utilize GroupWise calendars, scheduling boards, and frequent interaction with the counselors to ensure they are performing their job duties.
- There was insufficient monitoring of case files to ensure program objectives were being met. There is only one supervisor at each of the 44 local offices to monitor Home Services Program activities. However, there are two offices currently without supervisors (Elgin and Ford City). On average, each supervisor was responsible for approximately 680 case files during fiscal years 2008 and 2009. On average, local offices typically have three to four districts with one counselor per district. HSP management stated statewide average caseload per counselor is approximately 610.

Beginning in fiscal year 2006, the Quality Assurance Unit was established and became responsible for reviewing case files for compliance with program requirements. In fiscal year 2008 and fiscal year 2009, they reviewed 92 to 202 case files per month. This means that approximately 2 to 4 case files are being reviewed per month in each local office.

- There are insufficient controls in the payroll system for processing of the personal assistants' payroll. 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.
- In 2 of 25 (8%) files tested, it was noted the hours paid to a personal assistant varied from the hours recorded on the timesheet. Department personnel stated the voucher payments were made based on the total pay provided by the personal assistant without verifying the total hours documented. One personnel assistant was overpaid by 7.5 hours, and the other underpaid by one hour (at \$9.85/hour).

Department officials stated they had concerns regarding the controls within this program due to staff discovery of instances of fraud and abuse.

In its response to this previous finding, the Department stated it would investigate alternate methods of monitoring timekeeping for personnel assistants for a cost effective and practical method of time monitoring. They further stated DRS would work to ensure active case loads are less than 250 cases per professional staff in each office, and when caseloads exceed this limit, DRS will work through various options to supplement staffing to bring the staff to customer ratio back to acceptable levels.

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. 09-15, 07-7, 05-4)

**RECOMMENDATION:**

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

- Implement controls to monitor and ensure accuracy in the timekeeping process for personal assistants.

- Review the function of the Quality Assurance Unit as it relates to the Home Services Program. The review of two to four case 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 procedure 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 Division of Rehabilitation Services MIS payroll processing so the Department can maintain accurate customer expenditure reports.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. We agree with the need to address these issues and changes are already under development to provide for additional quality checks and thus address the concerns noted.

**09-16 FINDING:** (Lack of controls over monitoring unemployment insurance benefits paid under the Home Services Program)

The Department of Human Services' (Department) Home Services Program (Program) did not have adequate controls over monitoring unemployment insurance benefits paid by the Illinois Department of Employment Security (IDES) to Personal Assistants (PA) employed by customers of the Program.

The Program assists individuals with severe disabilities who need assistance with daily living activities in their homes. One of the services provided by the Program is Personal Assistant Services. PA's provide assistance with household tasks, personal care and, with permission of a physician, certain health care procedures. PA's are selected, employed and supervised by the customer. However, the Department makes payments directly to the PA's. Therefore, IDES forwards claims for unemployment insurance benefits from PA's on Form BIS-032, Notice of Claim to: Chargeable Employer or Other Interested Party, to the Department for review prior to payment by IDES.

The Illinois Unemployment Insurance Act (Act) (820 ILCS 405/1404B) requires IDES to send the Department a report, BEN-118R, which is a quarterly statement of benefits paid to claimants and charged to the Department. The report lists the name of each claimant, the amount paid during the quarter, and the weeks to which the benefits applied. The Department is required by the Act to review the report and protest questionable charges within 20 days after IDES mails the report.

Auditors tested a sample of 25 unemployment claimants of the Program during the audit period and noted the following weaknesses:

- Two of 25 (8%) of claimants received unallowable unemployment benefit payments totaling \$7,170 while being employed through the Department's Program.
- Two of 25 (8%) claims, for which benefits were paid, did not have the required benefit claim documentation on file at the Department.

Department personnel are responsible for reviewing the BEN-118R quarterly reports to ensure all claimants reported on the report were entitled to unemployment benefits paid by IDES on behalf of the Department.

Department management stated individuals are assigned the responsibility for reviewing unemployment claims, but the process is not formally documented.

Failure to adequately review the BEN-118R report prevents the collection of overpayments to claimants who were not entitled to the benefits. (Finding Code No. 09-16)



**RECOMMENDATION:**

We recommend the Department implement procedures to ensure timely controls over monitoring unemployment insurance benefits claims to PA's. The controls should include timely review and completion of the BIS-032 forms and the BEN-118R reports and maintenance of adequate supporting files for each claimant.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department is reallocating resources and responsibility to ensure that this function is adequately staffed and formalizing the procedures to ensure controls over monitoring unemployment insurance benefits claims to PA's.

**09-17 FINDING:** (Failure to recover grant funds by circumventing the Grant Funds Recovery Act)

The Department of Human Services (Department) failed to recover grant funds by circumventing the provisions of the Grant Funds Recovery Act.

The Department awarded a \$30,000 grant to a provider in fiscal year 2006 for an after school program. The provider failed to file the required DHS Grant Report, which is used to verify if and how the funds were expended. The report was due to the Department by April 30, 2007. The Department did not receive any correspondence from the provider requesting an extension to file the report. The provider was sent certified notices for an informal and formal hearing to resolve the amount due. No formal hearing was ever requested by the provider. Since the provider never answered the numerous requests by the Department for a resolution to the matter, the Department utilized the Illinois Office of the Comptroller's (Comptroller) offset system to offset current payments to the provider in compliance with the Grant Funds Recovery Act.

According to Department records, all funds were recovered through offset. There is no provision in the Department's Administrative Directives or the Grant Funds Recovery Act to allow for a provider to keep funds after ignoring Department requests for Grant Reports and failing to participate in the formal hearing process.

After the funds were collected through the offset, the provider then filed the DHS Grant Report during August 2008 for the fiscal year 2006 grant, requesting all previously offset funds be released. The DHS Grant Report was filed more than six months after the formal hearing notice. According to Department personnel, the offset was then reversed and the funds were released based upon a request from the Secretary's office, circumventing provisions of the Grant Funds Recovery Act and Department Administrative Directives.

Department management stated the provider did submit documentation of the use of grant funds after the grant recovery process had been completed. They further stated Department staff were unaware that releasing the funds after the completion of the grant fund recovery process was not permissible.

The Grant Funds Recovery Act (30 ILCS 705/5) states, "Any grant funds not expended or legally obligated by the end of the grant agreement...must be returned to the grantor agency with 45 days." The Grant Funds Recovery Act (30 ILCS 705/6) also states, "Any grant funds which have been misspent or are being improperly held are subject to recovery by the grantor agency which made the grant." Department Administrative Directive 01.07.01.020 "Grant Funds Recovery Process" outlines specific grantee reporting processes and rights to informal and formal hearing notices. Once the recovery process has deemed funds are due back to the State, there is no procedure to reverse this

process. Department management circumvented established policies and internal controls by allowing this provider to keep its funds. Circumventing controls for one grantee could indicate favoritism to a particular grantee and set a precedent for other grantees to not comply with the Grant Funds Recovery Act or Department Administrative Directives. (Finding Code No. 09-17).

**RECOMMENDATION:**

We recommend the Department follow existing procedures outlined in the Grant Funds Recovery Act and Department Administrative Directives when recovering grant funds.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will reiterate to staff that requests to the Illinois Office of the Comptroller to release funds from grant recovery will not be allowed.

**09-18 FINDING:** (Grants for the Child Care Expansion Program exceeded the limit)

One-time only grants made to persons, organizations, and schools included in the Child Care Expansion Program (the Program) exceeded the \$10,000 limit as stated in the Children and Family Services Act.

The Children and Family Services Act (Act) (20 ILCS 505/22.1(b)) states, “The Department of Human Services shall award a one-time only grant to persons, organizations, or schools needing assistance to start a child care center or mini center, as defined by the Department, or to existing licensed child care providers, including family home providers, for the purpose of making capital improvements in order to accommodate handicapped children, sick children, or infant care or children needing night time care. No grant shall exceed \$10,000.”

During testing it was noted 193 of 1,304 (15%) grants awarded for the Program exceeded \$10,000, with the largest grant totaling \$16,087. Department personnel stated the language in the statute dates prior to 1997, when the Department of Children and Family Services (DCFS) managed the subsidized child care program. Department personnel further stated they believe the funding source was not transferred to the Department, and they were not aware of the statute, and had created a new program.

Providing grants in excess of the \$10,000 statutory limit results in noncompliance with the Children and Family Services Act. (Finding Code No. 09-18)

**RECOMMENDATION:**

We recommend the Department either seek a legislative change to the Children and Family Services Act to increase the maximum amount of individual grant payments for the Child Care Expansion Program or comply with the Act in its current form.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will seek a legislative change to remove the statute entirely. The language in the statute dates prior to 1997. As it is currently written, it allows for capital improvements, which is not something we can do with existing funds. We believe the funding source for this statute was not transferred to the Department in 1997. The Department has since created a new grant program using federal funds, and as a result, we will seek to eliminate the statute entirely.

**09-19 FINDING:** (Weaknesses in administering the Gaining Early Awareness and Readiness for Undergraduate Program)

The Department of Human Services (Department) administers the Gaining Early Awareness and Readiness for Undergraduate Program (Program) (CFDA No. 84.334). The annual awards for federal fiscal years 2008 and 2009 were \$3.5 million with \$1.9 million budgeted for scholarships and the remainder for administration each year.

The following weaknesses were noted in the Program:

- The Department established a separate, interest-bearing fund in the State Treasury for the deposit of scholarship funds. There are no statutory or rule requirements, but U.S. Department of Education guidance requires grantees to place scholarship funds in a trust fund for the benefit of the participants in accordance with the law in the state where the trust is established. An entity other than the grantee must have legal control of the trust and the grantee may not retain any type of reversionary interest in the funds. All scholarship funds are currently on deposit in the State Treasury in the Gaining Early Awareness and Readiness for Undergraduate Programs Fund. Department officials stated they will continue communications with the U.S. Department of Education to determine if, as a State agency, the use of this fund for the deposit of scholarship funds meets federal requirements.
- The Gaining Early Awareness and Readiness for Undergraduate Programs Fund is not classified correctly in the Statewide Accounting Management System (SAMS) manual issued by the Illinois Office of the Comptroller. The fund is currently classified as a special state fund. The Department has requested the fund be correctly reclassified as a federal trust fund as all funding for programs accounted from therein comes directly from federal sources. By misclassifying this fund, monies could mistakenly be swept from this fund.
- Scholarship funds were not reported as an expenditure on the Department's Schedule of Expenditures of Federal Awards (SEFA) for fiscal years 2008 and 2009. The Department correctly reported the funds as deferred revenue in their financial statements for State fiscal years 2008 and 2009 but did not properly report it on the SEFA. Department officials stated the funds drawn down for scholarships should have been considered expended as received. The Department failed to record \$1.9 million in expenditures on the SEFA for both State fiscal years 2008 and 2009. In addition, Attachment A to the Grant Award Notification also indicates that the Department records the drawdown as an expenditure.

In the prior audit, the Department did not deposit all funds into the correct fund. In fiscal years 2008 and 2009, the Department did deposit all funds into the Gaining Early Awareness and Readiness for Undergraduate Programs Fund (Fund 0394).

Department Management stated federal funds for the Gaining Early Awareness and Readiness for Undergraduate Program were deposited into the State treasury as opposed to a separate trust as required by the U.S. Department of Education.

The Department has not complied with the federal or State reporting requirements of the Program. Failure to comply with all requirements of the Program results in reduced internal control over the Program. It provides less control over the tracking of scholarships funds including interest earned on those funds since those funds will be commingled with administrative funds. In addition, it does not ensure the recording of federal expenditures in the proper period. (Finding Code No. 09-19, 07-12)

**RECOMMENDATION:**

We recommend the Department place scholarship funds in a separate trust as required by the U.S. Department of Education. We also recommend the Department implement controls to ensure proper reporting of federal expenditures.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will establish controls for proper reporting of the federal expenditures.

**09-20 FINDING:** (Failure to timely determine the disposition of unspent grant funds)

During testing of the Department of Human Services (Department) fiscal year 2009 annual Office of the Comptroller financial reporting (GAAP) forms for various funds, ten concluded programs were identified with unspent grant funds of which the Department had not determined the final disposition.

The GAAP *Grant Analysis Form* reports grant activity for each federal program within the particular funds. Several programs were noted that had concluded in previous years with balances in the deferred revenue and unearned deferred revenue accounts that would indicate unspent balances due to grantor agencies.

Specific programs with unspent grant funds noted were as follows:

Fund 0347 – Employment and Training Fund

- The Policy Research and Evaluation Grants (CFDA No. 93.239) reported deferred revenue totaling \$360,000. The grant period ended in fiscal year 2002, with the last receipt coming in June 2002.
- Social Services Research and Demonstration (CFDA No. 93.647) reported deferred revenue totaling \$142,000. The grant period ended in fiscal year 2005, with the last receipt coming in July 2005.

Fund 0408 – DHS Special Purposes Trust Fund

- The Supportive Housing Program (CFDA No. 14.235) reported deferred revenue totaling \$47,000. The grant period ended in fiscal year 2002, with the last receipt coming in August 2002.
- AmeriCorps (CFDA No. 94.006) reported deferred revenue totaling \$79,000. The grant period ended in fiscal year 2005, with the last receipt coming in February 2003. This program is now run through Fund 0343 (Federal National Community Services).

Fund 0592 – DHS Federal Projects Fund

- The Rehabilitation Services Service Projects (CFDA No. 84.128) reported deferred revenue totaling \$51,000. The grant period ended in fiscal year 2008, with the last receipt coming in June 2008. This program is now run through Fund 0081 (Vocational Rehabilitation).
- The Ten State Performance Indicator Pilot Project Program (CFDA No. 93.119) reported deferred revenue totaling \$72,000. The grant period ended in fiscal year 2005, with the last receipt coming in May 2005.
- The Mental Health Research Grants (CFDA 93.242) reported deferred revenue totaling \$19,000. The grant period ended in fiscal year 2007, with the last receipt coming in March 2008.

- The Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations (CFDA 93.779) reported deferred revenue totaling \$28,000. The grant period ended in fiscal year 2007, with the last receipt coming in October 2005.
- The Cooperative Agreements for State-Based Diabetes Control Program and Evaluation of Surveillance Systems Program (CFDA No. 93.988) reported deferred revenue totaling \$340,000. The grant period began in fiscal year 1999 and is currently still active to this date.

Fund 0911 – Juvenile Justice Trust Fund

- The Enforcing Underage Drinking Laws Program (CFDA No. 16.727) reported deferred revenue totaling \$146,000. The grant period ended in fiscal year 2008, with the last receipt coming in January 2006. This program is now run through Fund 0001 (General Revenue) and Fund 0646 (Alcoholism and Substance Abuse).

The Department should follow sound program / grant management practices and expend all grant funds in accordance with the purpose for which they were originally received to maximize the program potential. If a program concludes with unspent grant funds, Department personnel should follow the guidance in the program / grant documents and determine if any excess grant funds should be returned or used for other programs as allowed by the grantor.

The Department stated the final disposition was not determined timely due to staffing shortages; however, they stated they are continuing to review and reconcile the funds.

Maintaining these unspent funds exposes these funds to loss or misappropriation due to the general lack of attention directed toward these concluded programs by Department personnel. (Finding No. 09-20, 07-20)

**RECOMMENDATION:**

We recommend the Department determine the availability of these funds for expenditure or return them after proper consultation with the respective grantor.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department believes that grant funds have been spent appropriately. However, the Department believes that the Bureau of General Accounting must complete a historical review of applicable fund GAAP packages in cooperation with the Bureau of Federal Reporting completing a review of grant expenditures to ensure that grant funds were reported accurately in previous years' fund GAAP packages.



**09-21 FINDING:** (Improper transfers to the FY09 Budget Relief Fund)

Transfers were made to the FY09 Budget Relief Fund totaling \$500,000 in fiscal year 2009 from the DHS Private Resources Fund which violated the restricted purpose for which the funds were designated.

The purpose of the DHS Private Resources Fund is to receive and retain private grant monies for the specific purposes agreed to with the grantors. The Department of Human Services (Department) did not make a detail accounting of the source(s) of the transfer; however, based on the availability of monies in the fund a minimum of \$327,000 was transferred from proceeds of a court settlement agreement specifically for diabetes research or to enhance the treatment of diabetics but it could have been for the entire \$500,000.

The Department violated at least one agreement but it may have violated several other agreements as well. During fiscal year 2008, the Department received \$5 million as part of a court settlement, in turn requiring the funds to be used for diabetes related programs. According to the settlement of Prather, et al. v. Pfizer Inc., et al., “These funds are specifically earmarked for programs in the State of Illinois for diabetes research and/or to enhance the treatment of diabetics. You have agreed to use the funds for the specified purpose.”

The State Finance Act (Act) (30 ILCS 105/8.46) authorized the State Treasurer and Comptroller to transfer a specified sum from the indicated funds to the FY09 Budget Relief Fund in order to help defray the State’s budget crisis. The Act states funds shall be transferred “Notwithstanding any other state law to the contrary...”.

Department management stated this transfer was included as one of many such “fund sweeps” that were part of the FY09 budget implementation legislation. The Department was not involved in any way in the development or passage of this legislation.

The transfer of these funds is in direct violation of the signed agreements for which the grants/proceeds were provided to be used and could result in the funds being identified as improperly expended and the grantors requesting refunds. (Finding Code No. 09-21)

**RECOMMENDATION:**

We recommend the Department work with the State Treasurer and Comptroller to return the \$500,000 to the DHS Private Resources Fund so these funds may be expended in compliance with the agreements for which the funds were provided.

**DEPARTMENT RESPONSE:**

The Department partially accepts the recommendation. This transfer was included as one of many such “fund sweeps” that were part of the FY09 budget implementation legislation. The Department was not involved in any way in the development or passage of this legislation. The Department will work with the Governor’s Office of Management and Budget (GOMB) to introduce legislation requiring the return of DHS Private Resources Fund monies swept in violation of State statutes and agreements requiring that such resources be used for specific purposes. The legislation will be drafted to coincide with the 2010 fall veto session.

**09-22 FINDING:** (Inadequate controls over receipts)

The Department of Human Services (Department) lacked an adequate receipt reconciliation process and did not timely deposit all receipts.

The Department did not reconcile its receipt account balances with the Illinois Office of the Comptroller (Comptroller) records, as required by the Comptroller’s Statewide Accounting Management System (SAMS). 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 financial records throughout fiscal years 2008 and 2009. 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.

The following exceptions were identified related to the Department’s receipts reconciliation process:

- During receipt reconciliation testing, 39 of 153 (25%) revenue source codes tested contained reconciling items that were not corrected within one to two months of identification.
- The Department did not reconcile its receipt records to Comptroller records on a monthly basis. In 43 of the 60 (72%) revenue source codes tested, the reconciliation was not completed until after one month was over; in several cases the reconciliations were not completed until four months later.

Similar weaknesses at the Department were reported in the previous four reports. An analysis summarizing the exceptions identified in the current and past 2 reports is noted in the following table:

Reconciliation Exceptions	Two Year Ending June 30,		
	2009	2007	2005
Source codes not corrected within 1-2 months	X	X	X
Reconciling items in the DHS Recoveries Trust Fund		X	X
Receipts adjustments posted from prior fiscal years		X	X
Monthly receipts reconciliations performed late	X	X	X
Reconciling items outstanding 60 days after month end	X	X	
Balances contained receipts posted to wrong accounts			X

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 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.

In addition, nine of 60 (15%) nonfederal receipts tested totaling \$445,346 and six of 60 (10%) refunds tested totaling \$233,942 were not deposited timely in compliance with the State Officers and Employees Money Disposition Act (Act). The deposits ranged between 1 and 54 days late. The 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.

Department personnel stated these problems are a result of staffing turnover. The reason given by the Department for the exceptions is the same as was provided for the June 30, 2007 and June 30, 2005 reports. Additionally, the Department indicated the reconciliations were late due to the number of funds required to be reconciled.

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. 09-22, 07-11, 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 and all receipts be deposited in a timely manner. Further, any adjustments noted when performing Comptroller reconciliations should be promptly investigated and posted.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. A lack of automation and staff resources in the Cash Management Unit (CMU) is the major contributing factor for this finding. The Department has made every effort to expeditiously fill vacant positions due to frequent staff turnover. Furthermore, the Office of Fiscal Services, Cash Management Unit (CMU) has worked significant overtime to compensate for the lack of staff. The Bureau of General Accounting has also created a task list that prioritizes and clarifies work assignments with given staffing resources.

**09-23 FINDING:** (Inadequate controls over accounts receivable)

The Department of Human Services (Department) mental health and developmental disability centers (Centers) failed to exercise adequate controls over accounts receivable. The Centers did not make timely determinations of residents' ability to pay non Medicare and Medicaid charges and did not follow-up on outstanding accounts receivable in a timely manner.

During the engagement period, three Centers did not timely complete the "Notice of Determination" (Form DHS-612) which is used to notify residents or their responsible parties of charges. Resident financial case records supporting receivables in the billing system were noted as being incomplete. Complete case records are required to investigate every individual or entity that may have an obligation or responsibility for the payment of services rendered to a resident. In addition, Center resource staff did not follow internal procedures to monitor and report delinquent accounts receivable.

- Center staff failed to complete a Notice of Determination in a timely manner for 37 of 75 (49%) files tested at three Centers. There were many instances where the form was not completed at all.
- Resident financial case records did not have documentation to support the determination of the resident's ability to pay for 15 of 50 (30%) files tested at two Centers.
- One Center did not have "Delinquency Notice" forms on file supporting the Center's follow-up on accounts receivable for 11 of 25 (44%) files tested. These receivables totaled \$71,916.
- At four Centers, 42 of 100 (42%) accounts receivables tested were outstanding for over 180 days and were not submitted timely to the Central Office for collection.
- One Center could not locate 2 of 25 (8%) resident financial case records requested to be tested.
- At one Center, 1 of 25 (4%) files tested did not pertain to a resident at that Center. The receivable totaling \$13,080 actually belonged to another Center and was outstanding over 180 days.
- Staff failed to enter resident data into the receivable system at one Center for 2 of 25 (8%) files tested leaving the accounts with a zero balance. It was determined the residents had income and should have been billed for their stay.

Issues were also identified with the processing of Medicare claims at one Center. One claim totaling \$63,840 was billed to Medicare by both the contractor hired to process billings and the Center. The amount billed by the Center was still outstanding due to the double billing. Another claim totaling \$41,040 was rejected by Medicare due to errors, but was never corrected and resubmitted by the Center.

Issues with receivables were also noted in testing at the Central Office:

- Three of 90 (3%) files tested did not contain any indication that the accounts totaling \$81,578 were currently being billed for the outstanding debt.
- In 2 of the 90 (2%) files tested, the Central Office had not received notice from the facility to begin collections for receivables totaling \$18,368 once 180 days of delinquency had passed.
- One instance was noted where the Central Office failed to revive a court ruling in order to collect on the sale of real estate.
- One instance was identified where the facility failed to notify the Central Office of a resident's death in a timely manner.

The Department reported gross resident accounts receivable (excluding Medicare and Medicaid) at Centers totaling \$17.239 million and \$14.325 million for the years ending June 30, 2009 and 2008, respectively. The related uncollectible allowances were \$12.534 million and \$11.658 million, respectively. Also, the total revenue from hospitalization insurance covering individuals for 2009 and 2008 totaled \$17.549 million and \$18.145 million, respectively.

The Department is in violation of its own internal policies and procedures as well as statutory requirements regarding the administration of accounts receivable. The Illinois State Collection Act of 1986 (30 ILCS 210) mandates State agencies to capture receivable information and report receivables in accordance with rules established by the Comptroller. The Department's Administrative Directive 02.08.01.040 states, "Facility resource staff generate the Notice of Determination form from RE-2, and mail the IL462-0612 to the debtor" in the first month that an individual enters a Center. Also, the Directive establishes that the Center staff mail the Collection Activities Delinquent Notice when the account becomes delinquent. The Directive offers further guidance stating "an individual account is not due until 90 days after the Notice of Determination is mailed." Once the account has become past due for 180 days "and the debtor has refused to cooperate, the facility resource staff refer the amount to RMS for further evaluation and action." The Comptroller's Statewide Accounting Management System (SAMS) Procedure 26.40.20 states agencies must place all debts over \$1,000 and more than 90 days past due in the Comptroller's Offset system.

Department personnel stated the deficiencies were due to staff shortages. They further stated this finding was a result of inadequate staffing since the 2003 early retirement. Department personnel stated a consulting report recommended staffing increases to address this issue. Department personnel stated the Department has requested new positions to address this need over the past four fiscal years; however, these requests were never met due to lack of funding.

Failure to make timely determinations of residents' ability to pay and follow-up on accounts receivable in a timely manner may result in the delay or loss of revenue. In addition, the lack of controls can lead to an understatement or overstatement of net collectible accounts receivable. (Finding Code No. 09-23, 07-15)

**RECOMMENDATION:**

We recommend the Department allocate sufficient staff resources to process determinations and follow-up on accounts receivable in a timely manner.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. As part of the Public Consulting Group (PCG) State Facility Revenue Maximization Project contract, they evaluated the staffing levels of our Patient Resource Units (PRU). The PCG analysis and recommendation for an additional headcount of 12 FTE were submitted to the Department. The Department will resubmit the report and recommendation to the Governor's Office for reconsideration.

**09-24 FINDING:** (Weaknesses over quarterly reporting of accounts receivable)

The Department of Human Services (Department) accounts receivable reporting system is cumbersome, relies on numerous subsystems, and requires manual entries.

The Office of the State Comptroller (Comptroller) Statewide Accounting Management System (SAMS) (Procedure 26.30.10) and the Illinois State Collection Act of 1986 (30 ILCS 210 *et seq.*) requires agencies to file quarterly accounts receivable information with the Comptroller. This is accomplished by completing a Quarterly Summary of Accounts Receivable – Accounts Receivable Activity report (Form C-97), which is prepared and submitted to the Comptroller each quarter.

During testing of the quarterly Form C-97s, the auditors noted the reports were manually compiled from multiple accounts receivable systems in order to issue a single report. The compilation is complex and cumbersome and, as a result, there is a potential for errors in reporting. The current process takes approximately 15-20 hours to complete over a period of several weeks. The Department's current primary accounts receivable system is the Accounts Receivable System (ARS) with the secondary systems in the Consolidated Accounting and Reporting System (CARS) and the Reimbursement System II (RE2). The systems need to be updated to handle the quantity of transactions processed by the Department.

As a result of testing performed it was noted Fund 0025 Group Home Loan Revolving Fund was only included in the C-97 report for the second quarter of 2009. The Group Home Loan Revolving Fund total amount of loans receivable was approximately \$30,000 for fiscal year end 2009.

The Form C-97s were accurately prepared, (except for the omission of Fund 0025). However, due to the size of the Department and the balance of accounts receivable (approximately \$502 million), the current process for compiling the data does not efficiently or effectively integrate automation of its accounts receivable activity into the Department's financial accounting system, CARS.

In response to this prior finding, the Department developed formal written policies and procedures to document its existing system and cross-trained other workers on preparing the required reports.

Department personnel stated these deficiencies were due to staff shortages.

Failure to maintain a centralized and automated accounts receivable system could hinder the Department's ability to accurately report accounts receivable balances. The possibility exists that there are unrecorded accounts receivable, interest or double counted amounts. (Finding Code No. 09-24, 07-16)



**RECOMMENDATION:**

We recommend the Department implement a Department wide accounts receivable system, working with the Department of Central Management Services regarding any possible state-wide consolidated accounting system initiatives.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department is reviewing the Accounts Receivable agency wide. Based on the results of the review, we will establish and implement an interim Department wide solution until Statewide is implemented.

**09-25 FINDING:** (Inadequate controls over returned checks)

The Department of Human Services (Department) did not maintain adequate internal controls over checks returned for insufficient funds.

During testing of 50 not sufficient funds (NSF) or stop payment checks, the following exceptions were identified:

- One of 50 (2%) checks had not been entered into the Departments' accounting system by the Cash Management Unit (CMU). The files additionally had not been forwarded to the Bureau of Collections (BOC) for establishment of receivables.
- One of 50 (2%) checks was entered into the Departments' accounting system but was never forwarded to the BOC to establish a receivable.
- One of 50 (2%) checks tested the CMU incorrectly applied a check to the account receivable balance. The NSF check was \$361. The Department applied \$200 to the receivable balance, but since this was an NSF check, nothing should have been applied to the receivable balance.
- One NSF check totaling \$34,584 for payments for residents at Chicago Read MHC was never posted to residents' accounts. The BOC has tried to contact CMU to properly post the accounts, but the matter has not been resolved.
- The Department failed to deposit a check totaling \$1,111 in a timely manner, thus causing the payment to become void. According to Department records, the check was received by the Department's agent (in this case, the Child Care Resource and Referral Agency) in June 2006 and not attempted to be deposited until March 2008. The copy of the check clearly stated "void if not cashed within ninety days" causing the bank to issue a not sufficient funds.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2) requires the Department, "shall keep in proper books a detailed itemized account of all moneys received for or on behalf of the State of Illinois, showing the date of receipt, the payor, and purpose and amount." According to the Department Administrative Directive 01.09.01.040, "All checks, money orders, and bank drafts received by any DHS entity must be promptly forwarded to the CMU."

Department personnel indicated that the exceptions were related to a decrease in staff available to process receipts.

Failure to document and maintain detailed records for NSF checks increases the risk that the Department will not be able to collect for those receivables. (Finding Code No. 09-25)

**RECOMMENDATION:**

We recommend the Department implement controls to ensure records are maintained to support the disposition of all NSF checks and to ensure the proper establishment and collection of receivables.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will create a NSF Form to be completed by the Office of Fiscal Services, Bureau of Collections and the Bureau of General Accounting that verifies both parties have received NSF checks and documentation.

**09-26 FINDING:** (Failure to timely file locally held fund reports with the Office of the Comptroller)

The Department of Human Services (Department) did not file the “Report of Receipts and Disbursements – Locally Held Funds” (Form C-17) in a timely manner.

The State Comptroller Act (15 ILCS 405/16) states, “Within 30 days after the end of each quarter... each State agency shall file with the Comptroller the report of its receipts and collections during the preceding quarter... from sources other than appropriation by the General Assembly.” Statewide Accounting Management System (SAMS) Procedure 33.13.20 requires that the quarterly locally held fund activity be reported on Form C-17.

The following table indicates the funds and quarters where C-17’s were filed late:

<u>Fund</u>	<u>Quarter Ending</u>		
	<u>3/31/08</u>	<u>3/31/09</u>	<u>6/30/09</u>
1139 DHS Other Special Trusts	X	X	
1143 DHS Resident’s Trust	X	X	X
1144 DHS Rehabilitation		X	
1149 DHS/DORS Special Revenue	X		
1150 DHS/DORS Permanent Trust	X		
1214 Living Skills	X	X	

Department personnel stated it did not receive the completed C-17's from the facilities in a timely manner and therefore were not able to file them with the Comptroller. Also, a process was not in place for the Department to verify that the Comptroller was in receipt of the C-17 reports on the due date.

By not timely filing the Form C-17s, the Department is in noncompliance with the State Comptroller Act and SAMS. In addition, the State Comptroller cannot capture information on a quarterly basis in order to provide comprehensive fiscal data for the State of Illinois in a timely manner. (Finding Code No. 09-26)

**RECOMMENDATION:**

We recommend the Department file all quarterly Form C-17s with the Comptroller in a timely manner.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will file the "Report of Receipts and Disbursements - Locally Held Funds" (Form C-17) in a timely manner. The Department will also verify Comptroller receipt of Form C-17’s via written documentation on or before the due date.

**09-27 FINDING:** (Late submission of required reports)

The Department of Human Services (Department) did not submit required reports to the Governor and the General Assembly in a timely manner as required by State law.

During the engagement period, the Department was required to submit various reports to the Governor and the General Assembly. These reports related to the Task Force on the Condition of African American Men in Illinois, Institutional Services for Children with Development Disabilities, or Severe Emotional Disorders, Current and Potential Uses of Electronic Monitoring, and the Minority Senior Citizens Program. None of these reports were filed in a timely manner.

- The Department of Human Services Act (20 ILCS 1305/10-32(b) through (d)) creates the Task Force on the Condition of African American Men in Illinois. The purpose of the task force is to determine the causal factors for the condition of African American men, to inventory State programs and initiatives that serve to improve the condition of African American men, to identify gaps in services to African American men, and to develop strategies to reduce duplication of services and to maximize coordination between State agencies, providers, and educational institutions. It states the Task Force shall report its findings and recommendations to the Governor and General Assembly by December 31, 2008.

The Department requested an extension of the report's due date to April 1, 2009 but it did not submit the report until July 14, 2009 (105 days late from the extension request and 195 days late from the statutory due date). The Department complied with the other attributes in the statute.

- The Department of Human Services Act (20 ILCS 1305/10-55) states on or before March 1, 2008, the Department shall submit a report to the Governor and General Assembly regarding the extent to which children (i) with developmental disabilities, mental illness, severe emotional disorders, or more than one of these disabilities, and (ii) who are currently being provided services in an institution, could otherwise be served in a less-restrictive community or home-based setting for the same cost or for a lower cost.

The Department submitted the report on April 10, 2008 (40 days late). The contents of the report complied with the requirements outlined in the statute.

- The Mental Health and Developmental Disabilities Administrative Act (20 ILCS 1705/70) states the Department shall study current and potential uses of electronic monitoring and recording for the purpose of preventing and identifying abuse and neglect within State-operated developmental centers and developmental disabilities services programs funded, certified, or licensed by the Department of Human Services. It states recommendations shall be presented to the General Assembly on or before January 1, 2008.

The Department published the final report on February 15, 2008 (45 days late). The report contained the Department's recommendations in accordance with the statute.

- The Illinois Act on the Aging (20 ILCS 105/4.06) states the Department on Aging shall develop a program to identify the special needs and problems of minority senior citizens and evaluate the adequacy and accessibility of existing programs. The Departments on Aging, Public Health, Healthcare and Family Services, and Human Services shall cooperate in the development and submission of an annual report to be filed with the Governor and the General Assembly on or before September 30 of each year.

During testing, auditors noted the fiscal year 2009 report was not yet submitted. The Department of Human Services submitted its portion of the report on October 15, 2009 (15 days late). The Department on Aging is responsible for compiling and submitting the final report.

Department management stated this finding is the result of inadequate staffing levels to provide timely reports.

Failure to submit required reports to the Governor and General Assembly in a timely manner is in noncompliance with State law and could impact decisions made by the Governor and General Assembly. (Finding Code No. 09-27)

**RECOMMENDATION:**

We recommend the Department submit all reports on or before the due date specified in State law.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will monitor the due dates for legislatively mandated reports to ensure their timely submission.

**09-28 FINDING:** (Failure to make appointments in accordance with State law)

The Department of Human Services (Department) did not make appointments to State boards or did not make timely appointments as follows:

- The Secretary of the Department did not appoint five physicians to a medical advisory panel as required by the Mental Health and Developmental Disabilities Administrative Act (Act) (20 ILCS 1705/18.3).

The Act states, “The Department shall develop an effective, integrated system for delivering State-funded and State-operated services to persons with mental illness... The Department shall form a medical advisory panel, appointed by the Secretary, comprised of 5 physicians licensed to practice medicine in all its branches with a special emphasis in treating mental illness, to provide advice on care rendered to patients in any integrated delivery system.”

All positions on the panel were vacant. Department personnel stated the statute was enacted in 1993 and the Division of Mental Health has developed its mental health service system from a physician-centered and medically-driven system to a recovery-oriented and consumer-directed system. They also stated the Division of Mental Health convenes several groups, including other service professions, community agencies, hospitals, consumers, and family members, to design a better system. Thus, Department personnel stated the statute should be revised or eliminated to better reflect the new reality of system change and transformation.

Failure to form a medical advisory panel in accordance with the Act may prevent the Division of Mental Health from providing advice on care rendered to patients in any integrated delivery system. Thus, persons with mental illness may not receive the services they need.

- The Department did not appoint a Deputy State Compact Administrator pursuant to the Unified Code of Corrections (Code) (730 ILCS 5/3-2.5-110) in a timely manner. The Deputy State Compact Administrator is to serve on the Interstate Compact for Juveniles.

Department personnel stated staff were unaware of the need to appoint a Deputy State Compact Administrator until July 23, 2009 when the current appointee was established.

The Code states, “A second Deputy State Compact Administrator shall be appointed by the Department of Human Services”. The statute was in effect as of August 26, 2008; however, the Department indicated they did not make a verbal appointment until July 23, 2009. Failure to timely appoint a Deputy State Compact Administrator to actively serve on the Interstate Compact for Juveniles results in noncompliance with State statute and does not promote the interstate cooperation desired by the General Assembly. (Finding Code No. 09-28)

**RECOMMENDATION:**

We recommend the Department comply with the requirements of the Mental Health and Developmental Disabilities Administrative Act or seek a legislative change to be more in line with the Department's Division of Mental Health's current mission and focus.

We also recommend the Department evaluate its process to make statutorily required appointments to ensure appointments are made in a timely manner.

**DEPARTMENT RESPONSE:**

The Department will comply with the requirements of the Mental Health and Developmental Disabilities Administrative Act to be more in line with the Department's Division of Mental Health's current mission and focus. The Department Division of Community Health and Prevention appointed a Deputy State Compact Administrator to serve on the Interstate Compact for Juveniles on July 23, 2009.



**09-29 FINDING:** (Inadequate security administration function)

The Department of Human Services (Department) did not have an adequate security administration function.

Although the Department had established several security-related administrative directives, it still had not established an effective security administration function for assuring the Department's resources are adequately safeguarded.

The Department failed to establish a formal security awareness program for effectively communicating its policies to Department personnel. In addition, responsibility for assuring compliance with established security related policies and procedures had not been formally assigned.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) notes State agencies shall establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that funds, property and other assets and resources are safeguarded against waste, loss and unauthorized use.

An adequately developed and structured security administration function is a critical component in ensuring the Department's physical and logical assets are adequately safeguarded. A structured security administration function would assist the Department in ensuring adequate security procedures are established and consistently enforced.

A lack of an effective security administration function has contributed to several security weaknesses as discussed in other findings reported relating to inadequate procedures for disposal of confidential information, and inappropriate access to restricted areas and production programs and data.

The Department stated the merger of seven state agencies to form the Department left the agency with separate and disparate security procedures.

As a result of not having an adequate security administration function the Department had continued to leave its operations exposed to unnecessary security risks. (Finding Code No. 09-29, 07-8)

**RECOMMENDATION:**

The Department should:

- Establish an effective Department-wide security administration function, which would include areas such as computer security, building security, paper document security, HIPAA security, etc.

- Establish a formal Department wide security awareness program to educate users about Department's security policies and procedures, including the need to keep confidential information secured and the means to keep it confidential, and the users responsibilities of safeguarding Department information resources. This program should provide periodic information on security responsibilities and issues to Department personnel. Employee notification of new administrative directives or revisions should be formalized, including written acknowledgement at least annually stating that the user has received, reviewed, and agree to comply with the Department's security policies and procedures.
- Ensure procedures for establishing and reviewing access rights to production data are appropriate and implemented.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department has made significant progress in addressing the finding through the establishment of a centralized security and emergency preparedness division, Office of Security and Emergency Preparedness, reporting directly to the Secretary. The office is charged with coordinating and implementing the agency's security, safety and emergency preparedness and response functions. It is addressing all of the issues of this audit.

**09-30 FINDING:** (Contingency planning weaknesses)

The Department of Human Services (Department) had not ensured adequate planning for the recovery of its applications and data. In particular, acceptable disaster recovery capabilities did not exist to ensure that critical computer systems (integral to ensuring the safety and well-being of its clients) could be recovered within the required timeframe.

The Department relies on Information Technology for carrying out its daily operations, and had identified four computer systems (Unit Dose, Clinical Lab, Clinical Information, and Clinical Inpatient System) that required recovery within 24 hours to ensure the safety and well-being of its clients.

The Department updated its contingency plan in March 2009; however, the plan did not adequately address all facilities. In addition, some facilities did not have an updated or tested recovery plan.

The Department performed a pre-disaster recovery drill in August 2008 and participated in a regional recovery test in September 2008. Although the Department was able to recover its critical systems and considered the test a success, the Department was not able to recover its critical systems within the required 24-hour timeframe.

Many of the Department's IT functions were consolidated into the Department of Central Management Services (DCMS). As a result, the Department and DCMS have a shared responsibility over disaster contingency planning. Although the Department shares some responsibility with DCMS, the Department has the ultimate responsibility to ensure it has the capability to recover its applications and data.

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.

The Department stated the combination of required further refinement of Disaster Recovery Plan and training of DCMS/Department employees understanding the technical needs to restore the environment contributed to the contingency planning weaknesses.

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. 09-30, 07-28, 05-24)

### **RECOMMENDATION:**

The Department should formally communicate to DCMS its recovery requirements, and establish and document guidelines that outline both the Department's and DCMS responsibilities. Specifically, the Department should:

- Work with DCMS to ensure recovery of its critical computer systems within the required 24-hour timeframe;
- Perform and document tests of its recovery capabilities at least once a year. Due to the critical nature of the recovery requirements, the Department should ensure the tests demonstrate the ability to meet the 24-hour timeframe; and,
- Continually review and update its contingency plan to reflect the current operating environment and ensure all of its facilities have an adequately developed and tested contingency plan.

### **DEPARTMENT RESPONSE:**

The Department partially agrees with the recommendation. The Department has made significant progress in recovering critical systems in 2009. The Department continually works with DCMS to ensure mechanisms are in place to recover critical computer systems at a level to the capabilities guaranteed by DCMS. Since this audit, Department Disaster Recovery Test was conducted in December 2009. The results met the 24 hour critical system recovery requirements for all high-priority systems. The Department maintains a Disaster Recovery Plan that is reviewed and updated as needed.

**09-31 FINDING:** (Access to Department production data not adequately restricted)

The Department of Human Services (Department) did not adequately restrict access to its production data.

Department Management Information Systems (MIS) Standards state, “Development personnel are not normally allowed access to transactions that are in production status. Execution of an update transaction requires the documented permission of the Manager of Information Management and Development or the Chief of MIS.”

Programmers were frequently granted access to payroll production data. The Department previously established a notification process as a compensating control to track programmer access to this data. The intent of this process was to allow programmers access to production data in emergency situations to ensure payroll was timely. However, testing indicated this access was frequently utilized in non-emergency situations for changes that should follow the Department’s change control procedures.

Excessive access rights to other production data were also identified. In some cases, all users of an application also had access rights to the actual production data. Although many of these users were unaware they possessed this access, access to production data should be restricted.

In addition, weaknesses were found in the use of the Department’s User ID Action Request form used to assign access rights. 25 employees selected from a list of new Department employees for fiscal year 2009 were tested, and missing and improperly completed forms were found. It appears the Department is not reviewing access to its production data on a regular basis, which has contributed to the datasets not being adequately restricted.

Department personnel stated a lack of automated process to capture User ID Action Requests contributed to the failure of adequately restricting access to Department production data.

Failure to adequately restrict access to production data exposes the Department to a risk of unauthorized changes being made to the 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. 09-31)

**RECOMMENDATION:**

The Department should assess access to its production data and limit access only to required individuals. The Department should also review its procedures for granting user access and ensure compliance with the established procedures. Additionally, the Department should require programmers to adhere to the Department’s change control procedures for all non-emergency changes. Programmers should only be granted access to the payroll production data for emergency changes.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department, Office of Management Information Services (MIS) has removed access to payroll production data, except during the process to add/delete payroll appropriations and emergency situations. When such events require access to production payroll data, a clearly defined audit trail is provided. MIS agrees that during the audit period, change controls should have been more closely followed. MIS has since corrected this issue. MIS agrees with the finding of tighter controls are needed in the User ID Action Request form process. This is a manual process that is prone to errors due to many “human” touch points. MIS will be converting this process to electronic forms to provide better authentication and retention controls.

**09-32 FINDING:** (Inadequate recordkeeping for payroll and personnel files)

The Department of Human Services (Department) did not maintain all necessary and required supporting documentation in employee payroll and personnel files.

During testing of employee payroll and personnel files the following exceptions were noted:

- In 6 of 60 (10%) payroll files tested at the Central Office, voluntary withholding payroll deduction authorization requests were not maintained in the files. The items missing included deferred compensation forms, union deduction cards, or insurance deduction cards.
- In 1 of 60 (2%) payroll files tested at the Central Office, a discrepancy was identified between the actual federal withholding tax and the recalculated tax. The file included no indication of a special withholding arrangement.

The Voluntary Payroll Deductions Act of 1983 (Act) (5 ILCS 340/4) states, “An employee may authorize the withholding of a portion of his or her salary or wages for contribution to a maximum number of 4 organizations...upon written request of a State employee, for each regular payroll period, from the salary or wages of the employee the amount specified in the written request for payment to the organization designated by the employee.”

During testing of timesheets at the Central Office, the following exceptions were noted:

- For 3 of 30 (10%) employees tested, approvals for time off and overtime were missing.
- For 1 of 30 (3%) employees tested, inaccuracies were identified between overtime approvals and timesheet reports.
- For 1 of 30 (3%) employees tested, numerous time approval sheets were copied and time was filled in by the employee after the approval date.

Department Administrative Directive 01.02.02.170 provides guidance for employees to review their ‘Monthly Attendance Record Report’ in order to “...determine whether it accurately reflects time spent on official State business and authorized leave.” The Directive also states, “...if (timesheet) is accurate, the employee, timekeeper, and supervisor shall sign and date it within five (5) working days.” The Directive additionally states, “Employees who falsify time or attendance records may be subject to discipline, up to and including discharge.”

During testing of timesheets at ICRE-Wood, the following exceptions were noted:

- During review of timesheets, 2 of 5 (40%) employee files tested contained discrepancies between time off and overtime requests as compared to attendance records. Existing Department internal control procedures require all compensatory time off (for example, vacation, sick or personal days) be supported by an approved Staff Request for Time Off form. Of those employees with exceptions, three instances during June and November 2008 were noted where the employee's time off request or overtime approval form did not match the monthly attendance record.
- One employee was routinely approved for equivalent earned time that was not in compliance with Department policies. Department Administrative Directive 01.02.02.300 "Equivalent Time Earned for Management Staff" states, "Equivalent Earned Time (EET) may be earned in no less than thirty (30) minute increments." This employee was approved for overtime in increments of less than 30 minutes on 38 instances out of 39 regular workdays (97%) during the months of October and November 2008.

Department Administrative Directive 01.02.02.300 states, "It is the policy of the Department of Human Services (DHS) that non-union employees who are exempt under the Fair Labor Standards Act and in positions not eligible for overtime, may earn equivalent earned time off for hours worked in excess of the hours per week indicated in the approved work schedule."

During testing of employees on leave of absence, the following exceptions were noted:

- The Department was unable to provide documentation for 3 of 25 (12%) employees tested on leave of absence. The three employees all took a service disability leave. There was no documentation to support the leave request or no doctor's verification to support the disability leave.

Department Administrative Directive 01.02.02.230 "Leaves of Absence" states an employee, "may be granted leaves of absence from work, depending on work status... provided satisfactory documentation is submitted with the request." Specifically for a service disability leave, employees are required to "provide written verification by a person licensed under the Illinois Medical Practices Act."

Department personnel stated the Department's Payroll Office had been formed in 1998 and the payroll files were obtained from five legacy agencies. Logistically, this caused problems with obtaining complete payroll files.

Without proper recordkeeping there is no documented basis for withholdings, time worked, overtime, or leaves of absence. (Finding Code No. 09-32, 07-21)



**RECOMMENDATION:**

We recommend the Department maintain the necessary required documentation in employee files including payroll deduction authorizations and leaves of absence. The Department should also maintain and review approvals for requested time off and overtime.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Manager, Human Resources will send a memo reminding Merit Compensation employees of the Administrative Directive requirements for earning Equivalent Earned Time. Appropriate timekeepers and management staff will be provided timekeeping training including record keeping and record retention.

**09-33 FINDING:** (Employee performance evaluations not performed on a timely basis)

The Department of Human Services (Department) did not conduct employee performance evaluations on a timely basis.

During testing of personnel expenditures it was noted 29 of 60 (48%) Central Office employees sampled 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 had not had an evaluation in over fourteen years.

In addition, facility auditors noted 178 of 460 (39%) facility employees at eleven of the twenty-one facilities did not have a performance evaluation on a timely basis. One of these employees had not had an evaluation for several years. Eight of the twenty-one facilities could not provide documentation that an employee performance evaluation had been performed during the engagement period for 56 of the 178 employees noted.

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 Administrative Directive 01.02.04.020 indicates that evaluations must be "permanently included in the employee's personnel file".

Several of the exceptions noted were regarding Merit Compensation employees. Merit Compensation employees usually receive a salary adjustment once a year depending on their employee performance evaluations. In previous years, salary adjustments for Merit Compensation employees had been suspended, but in the past two fiscal years they were reinstated.

Department personnel stated personnel managers sent out reports of upcoming evaluations and managers did not always comply.

Without performance evaluations there is no documented basis for promotion, demotion, discharge, layoff, recall, or reinstatement and current employment status. (Finding Code No. 09-33, 07-22, 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:**

The Department accepts the recommendation. Personnel managers will continue to send out notifications and reminder reports of upcoming evaluations to Managers.

**09-34 FINDING:** (Weaknesses in maintaining documentation of temporary employee assignments)

The Department of Human Services (Department) failed to follow their own administrative directives as well as State administrative rules for administering temporary employee assignments.

During testing of temporary employee assignments, the Department was unable to provide documentation for 8 of 25 (32%) employees currently working in temporary assignment positions. Because there was no documentation, auditors were unable to determine how long the employees had been functioning in these positions. These exceptions were noted specifically in three of the nine divisions tested, the Illinois School for the Deaf, Fox Developmental Center, and Howe Developmental Center.

The Illinois Administrative Code (80 Ill. Adm. Code 302.150), defines a temporary assignment as, “For persons in positions to perform temporary or seasonal work. No position shall be filled by temporary appointment for more than 6 months out of any 12-month period.” The DHS Payroll Quick Reference Guide states that temporary assignment for bargaining unit employees to higher bargaining unit titles, Merit Comp or Salary Grade titles is accomplished through completion of the “Temporary Assignment Authorization” form (IL444-4180). All sections of this form must be completed for consideration and approval of temporary assignment.

Department personnel stated documentation could not be located in the employee files and was not maintained due to oversight.

Failure to maintain adequate documentation for temporary employee assignments is an internal control weakness that could lead to abuse. Temporary employee assignments are by their nature not meant to be permanent and may result in higher pay rates. As a result, there is a greater opportunity for waste, fraud or abuse if there are a lack of mitigating controls, and supporting documentation. (Finding Code No. 09-34, 07-23)

**RECOMMENDATION:**

We recommend the Department maintain the required documentation in order to substantiate all temporary employee assignments.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department, Bureau of Payroll will be sending memorandum to managers and timekeepers regarding responsibilities in keeping appropriate documentation in timekeeping files including temporary assignment approvals and justification.

**09-35 FINDING:** (Time records not maintained in compliance with the State Officials and Employees Ethics Act)

The Illinois Department of Human Services (Department) did not maintain time records in compliance with the State Officials and Employees Ethics Act (Act).

Auditors noted the following exceptions at Department facilities:

- 219 of 860 (25%) employee Monthly Attendance Records, which document that employee time was spent of official State business were not retained at 9 of 21 facilities.
- 105 of 839 (13%) employee Monthly Attendance Records were missing required signatures and/or dates from the employee, supervisor, and/or timekeeper at 10 of the 21 facilities tested. As a result, the facility auditors could not determine whether the Monthly Attendance Record was signed and approved within the required time period.
- 42 of 516 (8%) employee Monthly Attendance Records were not signed and dated by the employee, supervisor, and/or timekeeper within five working days of the employee's submission at 7 of 21 facilities tested. The supervisor or timekeeper signed the Monthly Attendance Records between 2 and 88 days late.
- One facility could not provide Monthly Attendance Records for 35 of 36 (97%) employees.

The Act (5 ILCS 430/5-5(c)) requires the Department to adopt personnel policies consistent with the Act. The Act 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." The Act further requires timesheets be maintained by the fiscal office of a period of at least two years.

The Illinois Department of Human Services' Administrative Directive 01.02.02.170 requires a Monthly Attendance Record (Report) which documents that employee time was spent on official State business to be reviewed and signed by the employee, timekeeper, and supervisor within five working days. In addition, if the Report is not accurate the employee is required to complete an Employee Time Corrections Report which shall be attached to the Report. The facilities are to ensure the signed Reports and any Employee Time Correction Reports are maintained in the employee's official timekeeping file.

Department officials stated Monthly Attendance Reports were not completed and forwarded to the appropriate payroll department.

By not maintaining appropriate time records, the Department is not in compliance with the Act. (Finding Code No. 09-35)

**RECOMMENDATION:**

We recommend the Department remind supervisors and employees of the requirements of Administrative Directive 01.02.02.170 to timely sign and maintain the Monthly Attendance Records.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. Management will take necessary steps to ensure it complies with Administrative Directive 01.02.02.170. The Department, Bureau of Payroll will remind all Department staff the requirements of the Administrative Directives and the Ethics Law regarding the Monthly Attendance Record (MAR).

**09-36 FINDING:** (Lack of physical control over State property)

The Department of Human Services (Department) did not have adequate physical control over or recordkeeping for State property.

As of June 30, 2009, the Department's Central Office valued its State property at \$85,049,570, which includes Illinois Center for Rehabilitation & Education – Wood Facility (ICRE-Wood) property valued at \$4,336,732. State property at other Department centers or facilities was tested by other auditors.

The following discrepancies were noted while testing Central Office State property:

- 21 of 585 (4%) items on the location property listings, totaling \$26,059, 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 include a chair, training materials, vacuum, cold food machine, TTY machine, microwaves, wheelchair, television, typewriter, file, ice machine, and a computer. Department personnel stated these errors occurred due to improper application of property control procedures as well as the closure of one warehouse which resulted in the transfer of several items without the completion of required transfer paperwork.
- 6 of 320 (2%) items physically observed 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.
- 3 items failed to have inventory decals properly affixed.
- 5 equipment items were loaned and the Loaner Temporary Assignment forms documenting the temporary transfer of equipment were not timely completed and approved. The forms were approved on the date the auditors performed the property testing (November 5, 2009). Selections were made from the property listing as of June 30, 2009. Department personnel stated these forms are completed annually for items that are off-site but assigned to a specific location code. However, the items noted as exceptions were not expected to be off-site during the fiscal year, so a form was not completed for these items.
- 1 equipment item totaling \$2,889 was transferred prior to June 30, 2009, but was still included on the previous location's inventory listing as of the end of the fiscal year, resulting in the overstatement of the location's inventory at year-end.
- 1 out of 8 quarters had delinquent filing of the Quarterly Report of State Property (C-15) with the Illinois Office of the Comptroller.

The following discrepancies were noted while testing ICRE-Wood State property:

- 1 of 45 items tested (2%) (a computer valued at \$1,563) had been sent for repair and had no supporting documentation available.
- 3 of 45 (7%) items on the location property listings, totaling \$3,149, were not able to be physically observed at the respective locations. These items were a wheelchair, a projection television, and a Braille-N-Speak.

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.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that all State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation. Furthermore, it states that 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 statistical reports and to maintain accountability over the State's resources. The Statewide Accounting Management System (SAMS) Procedure 29.20.10 also requires each agency to submit the C-15 reports on a quarterly basis no later than the last day of the month following the last day of the quarter.

Department personnel stated staff in various offices and facilities failed to follow Department policies and procedures for State property control.

Failure to properly control and record State property is non-compliance with the State Property Control Act. In addition, failure to properly record State property can lead to inaccurate financial information being reported. (Finding Code No. 09-36, 07-14, 05-20)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department has property management rules and procedures in place governing the marking, tracking, monitoring and reporting of state owned property. These procedures are clearly outlined in the Department Property Control Manual that is provided to ALL Property Control Coordinators (PCC) for their use. Any updates or changes are provided to the PCC immediately for their review and incorporation into their duties and responsibilities. The PCC is responsible for adhering and enforcing all agency property rules and procedures within their office. In addition, annual PCC training (as well as one-on-one sessions) are provided to reinforce these policies as set forth in the manual. Furthermore, this agency completes a 100% physical inventory annually. The individual office is responsible for completing and certifying the results to PCU. The Property Control Unit (PCU) has scheduled Annual Property Control Coordinators (PCC) Training Sessions and to review policy and procedures.



**09-37 FINDING:** (Telephone calling cards, cell phones, and pagers not cancelled on a timely basis)

The Department of Human Services (Department) is not canceling telephone calling cards, cell phones, and pagers on a timely basis when an employee retires, transfers, or otherwise leaves the Department.

Twenty five telecommunications cancellation requests processed during the engagement period were tested. Eighteen items (72%) were not cancelled in a timely manner ranging from four months to over 17 years after the employee left the Department.

Telecommunications records were also noted as not being updated for changes in assignments of equipment, such as cell phones and pagers.

The Department requires a “Closeout/Exit Report and Personnel Termination/Transfer Checklist” be completed by all employees prior to their separation. This form includes a listing of various items the employee must turn in before leaving, including State property. Once all applicable items are checked off, the form and the returned items are verified by the employee’s supervisor and Property Control Coordinator. Additionally, Department Administrative Directive 01.02.02.180 states, “...the appropriate Property Control Coordinator who will forward a request as soon as possible (preferably within 48 hours and no later than 7 days) to DHS MIS staff on all telecommunication cancellations, allowing MIS time to submit to the Bureau of Technical Services at CMS within 21 days of notification of any situation that necessitates cancellation, along with a reason for the cancellation or documentation as to why the device does not need to be cancelled.”

Department personnel stated the employees’ supervisors are not forwarding the proper information to DHS MIS staff in a timely manner, resulting in delays in submitting cancellation requests to CMS. Department personnel further stated all of the devices were ultimately cancelled and in many instances, devices are not cancelled but transferred to a new employee.

Failure to perform timely telecommunication device cancellations could result in misuse of State funds due to possible abuse. Good internal control procedures dictate Department telecommunication devices be cancelled whenever an employee terminates to avoid future misuse of the device and adequate telecommunications records be maintained. (Finding Code No. 09-37)

**RECOMMENDATION:**

We recommend the Department remind employees to follow procedures and submit all telephone calling card cancellation requests to the Property Control Coordinator immediately upon notification of a situation that necessitates cancellation, along with a reason for the cancellation, to ensure adequate documentation and timely compliance. In addition, we recommend the Department maintain accurate and up to date records of telecommunications devices in instances where devices have been transferred to other employees.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department, Office of Management Information Services (MIS) will send out a reminder communication to the Property Control Coordinators for the timely notification of changes to the telecom inventory. MIS will also update the telecommunications equipment Administrative Directive, 01.03.03.010, to address the proper transfer and cancellation of telecommunications equipment and calling cards to be transacted through MIS Asset Management Bureau, MIS Telecommunication section.

**09-38 FINDING:** (Inadequate records for State vehicles assigned to Department employees)

The Department of Human Services (Department) did not maintain adequate records for Department owned vehicles.

During the engagement period, the Department had 536 vehicles, 33 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.

Records for all 33 personally assigned vehicles were tested during the engagement period. Auditors identified instances of incomplete mileage records, mileage errors, missing information, and lack of annual certifications related to license and insurance coverage.

Specific problems noted were as follows:

- One of 33 (3%) personally assigned vehicles tested had missing or incorrect information in the database. Gaps were noted in mileage where beginning and ending odometer readings did not match miles driven.
- Two employees submitted claims for mileage reimbursement even though they had been issued a personally assigned State vehicle. The employees were reimbursed for mileage totaling \$1,198 claimed on ten separate vouchers. Department personnel could not explain why the individuals did not use their State vehicles and Department records did not indicate the State vehicles were being repaired.
- In 7 of the 33 (21%) assigned vehicles tested, the employee failed to consistently file the Quarterly Report of Commuting (form IL444-4723). The IRS considers the use of a personally assigned vehicle to be a fringe benefit when used for commuting. According to DHS Administrative Directive 01.05.05.070, "A flat fee of \$3.00 per day is assessed for the commuting-use assigned vehicle for tax purposes." The form is also required to be filed with DHS Payroll "no later than the 15<sup>th</sup> of the month following the last month of the quarter." For those employees who do not file the report, they will be charged "for the entire quarter that the report was not received." In addition, it was noted two employees used their vehicles during months in which they reported no commuting days. According to the vehicle database, the first employee traveled a total of 2,676 miles from October 2008 to March 2009 and the second employee a total of 8,173 miles from April 2008 to March 2009.

Similar weaknesses were reported at the Department in the previous two reports. An analysis summarizing the exceptions identified in the current and past 2 reports is noted in the following table:

Exceptions in Testing Assigned Vehicles	Two Years Ending June 30,		
	2009	2007	2005
Vehicle database was missing or had incorrect information	X	X	X
License and insurance coverage certification not filed		X	X
Database lacked information on vehicle in an accident		X	X
Employee assigned a vehicle was paid for mileage	X	X	
License number for vehicle expense did not agree to listing		X	
No vehicle identification documented for vehicle expense		X	
No policy to ensure assigned vehicles properly maintained		X	X
Quarterly Report of Commuting was not filed or contained errors	X		

The Illinois Administrative Code (Title 44, Subtitle D, Chapter 1, and Part 5040) outlines general procedures regarding State vehicles including acquisition, use, maintenance, and other miscellaneous areas relating to State vehicles. In addition, the Department should follow guidance provided by the Department of Central Management Services related to vehicles.

Department personnel stated procedures have been put in place to alleviate the problems and the vehicle database was cleaned up since they have had permanent staff handling this for the last three years. However, problems continued to persist, but at a lesser rate than prior years.

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 monitor the Department's vehicles ensuring the vehicle fleet is properly maintained. The Department should establish and enforce procedures related to the operation of automobiles in accordance with the Illinois Administrative Code. (Finding Code No. 09-38, 07-25, 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 forms are obtained on a timely basis.

**DEPARTMENT RESPONSE:**

The Department accepts the recommendation. The Department will implement safeguards to ensure that all staff with personally-assigned State vehicles understand their responsibilities regarding the timely reporting of documentation and all rules and regulations related to personally-assigned vehicles.

**09-39 FINDING:** (Weaknesses in conducting annual eligibility redeterminations for KidCare (ALL KIDS))

The Department of Human Services (Department) failed to make annual redeterminations of eligibility for KidCare (now known as ALL KIDS) services in compliance with the Children’s Health Insurance Program Act (Act) (215 ILCS 106). The ALL KIDS program provides health benefits to children of the State. The Department is responsible for eligibility determinations and redeterminations for the ALL KIDS Program. The Department of Healthcare and Family Services is responsible for overall Program administration.

During our testing of 30 ALL KIDS case files, we identified 13 cases (43%) in which the eligibility redeterminations were completed using a passive redetermination process. The passive redetermination process includes sending a form to the client annually which is required to be completed only upon changes to the client’s income. The Department assumes there are no changes if a response is not received. Passive redeterminations are utilized for cases that involve families where the only benefits received by the children are medical benefits. Due to the utilization of the passive redetermination process, auditors are unable to determine whether the enrollment criteria continue to be met.

Additionally, auditors identified 1 of 30 (3%) case files where an annual redetermination was not performed as required.

The Act states, “A child who has been determined to be eligible for assistance must reapply or otherwise establish eligibility at least annually.” The Act further states, “The eligibility of a child may be redetermined based on the information reported or may be terminated based on the failure to report or failure to report accurately.” (215 ILCS 106/20(b)) Not performing the annual redeterminations may allow ineligible individuals to receive services. Additionally, the Department cannot redetermine eligibility utilizing a passive redetermination process as no information is received to reassess eligibility.

Department personnel stated the passive redetermination was implemented in response to the federal Children’s Health Insurance Program Reauthorization Act of 2009 (Public Law 111-3) effective April 1, 2009.

Failure to perform active annual eligibility redeterminations could allow ineligible recipients to receive services under the ALL KIDS Program in noncompliance with the Act. (Finding Code No. 09-39, 07-30, 05-34)

**RECOMMENDATION:**

We recommend the Department implement an active eligibility redetermination process and require eligibility redeterminations be completed on an annual basis in compliance with the Act.

**DEPARTMENT RESPONSE:**

The Department partially agrees with the recommendation. The Department agrees with the requirement that redeterminations of medical cases be completed annually. The Department has written policy and procedure in support of the annual redetermination requirement. The Department currently utilizes an active form of redetermination in the majority of cases administered. Active redeterminations are required for all cases containing cash and/or food stamp benefits. Administrative renewals are limited to only medical cases fitting the criteria.

Administrative renewal is listed in the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA) as one of the enrollment and retention provisions states may use to qualify for a performance bonus payment. Illinois received a \$9.1 million bonus payment for federal fiscal year 2009. The federal Centers for Medicare and Medicaid Services, which administers both Medicaid and CHIPRA, strongly encourages states to adopt administrative renewal for children.

Also, as the Department of Healthcare and Family Services (HFS) is the single State Medicaid agency that sets all policy for the State's health care programs, the Department does not have the authority to bypass administrative renewal policy for cases that fit the criteria.

**AUDITOR'S COMMENT:**

The Department in their response has indicated the reasons for utilizing passive redeterminations (referred to as administrative renewals by the Department in their response), but did not address how they would comply with the requirements set forth in the Children's Health Insurance Program Act (Act). Specifically, the Department did not address how they would comply with the requirement for eligible participants to reapply or otherwise establish eligibility at least annually and for redetermining eligibility when no information is provided when passive redeterminations (administrative renewals) are used. The Department's response is directed to the federal law but does not address the requirements in State statute. In addition, the federal law does not prohibit the active redeterminations which include internal controls to maintain accountability over these cases.

**PRIOR FINDINGS NOT REPEATED**  
**(GOVERNMENT AUDITING STANDARDS)**

**Financial Audit – Year Ending June 30, 2008**

- A. Consolidated services payments made without sufficient supporting documentation

The previous engagement noted the Department made payments for information technology and press information officers to the Department of Central Management Services (DCMS), without supporting documentation. During the current engagement, auditors noted the Department was maintaining adequate supporting documentation for payments made for these services. As a result, this finding is not repeated. (Finding Code No. 08-1, 07-2)

- B. Liabilities payable from future year appropriations are misstated

The previous engagement noted weaknesses in the Department's method for estimating and allocating liabilities payable from future appropriations. During the current engagement, auditors noted the Department correctly estimated and allocated liabilities payable from future year appropriations. As a result, this finding is not repeated. (Finding Code No. 08-2, 07-1)

**Compliance Examination – Two Years Ended June 30, 2007**

- C. Unrecorded and unreported locally held bank accounts

The previous engagement noted the Department opened and operated five locally held bank accounts without notifying the Illinois Office of the Comptroller of the establishment of the accounts, and then did not file the required quarterly reports with the Comptroller. In addition, the Department did not record the activity or related assets of the accounts on the Department's financial accounting records, and did not report the accounts to the Office of the Auditor General, as required by State law. During the current engagement, auditors noted the Department is filing the required quarterly reports with the Comptroller and including the activity and related assets of the accounts in the Department's financial statements. (Finding Code No. 07-3)

**PRIOR FINDINGS NOT REPEATED**  
**(STATE COMPLIANCE)**

- D. Noncompliance with Personal Information Protection Act

The previous engagement noted the Department had not established adequate procedures for prompt follow-up and notification of security breaches, and could not provide documentation as to whether data on some missing or stolen computers constituted a security breach of Department information. During the current engagement, auditors noted the Department developed procedures to be followed to ensure timely notification of security breaches. As a result, this finding is not repeated. (Finding Code No. 07-10)

E. Inadequate planning for the purchase and installation of equipment

The previous engagement noted the Department had purchased high capacity paper shredders to utilize for disposal of confidential information. However, the Department did not adequately plan for the installation of the equipment resulting in a delay of more than one year. During the current engagement, auditors did not note any equipment purchases that had not been installed in a timely manner. As a result, this finding is not repeated. (Finding Code No. 07-18)

F. Filing erroneous emergency purchase affidavit in violation of the Illinois Procurement Code

The previous engagement noted the Department filed an emergency purchase affidavit for a purchase which should not have been an emergency. During the current engagement, auditors noted the Department appropriately utilized the emergency provisions of the Illinois Procurement Code. As a result, this finding is not repeated. (Finding Code No. 07-19, 05-7)

G. Deficiencies noted in Statements of Economic Interest filed with the Secretary of State

The previous engagement noted employees who were required to file Statements of Economic Interests (Statements) with the Secretary of State had not filed their Statements as of the date of testing. During the current engagement, auditors noted the Department implemented a secondary level of review to ensure all Statements are filed in a timely manner. Auditors did not note any Statements which were not filed in a timely manner. As a result, this finding is not repeated. (Finding Code No. 07-24)

H. Motor vehicle accidents not reported in a timely manner

The previous engagement noted the Department did not report all accidents involving State vehicles to the Department of Central Management Services (DCMS) in a timely manner nor did the Department report all accidents to DCMS. Although auditors noted minor issues regarding reporting motor vehicle accidents, this finding is not repeated. (Finding Code No. 07-26, 05-22, 03-22, 01-15)

I. Inconsistent application of fuel tax exemptions

The previous engagement noted the Department purchased fuel that included State sales taxes and Federal excise taxes, both of which are State-exempt taxes. During the current engagement, auditors conducted testing of the application of fuel tax exemptions, noting no exceptions. As a result, this finding is not repeated. (Finding Code No. 07-27, 05-23, 03-23)



J. Physical security weaknesses

The previous engagement noted the Department did not ensure adequate physical security existed over facilities. During the current engagement, auditors noted the Department had made some improvements over physical security at its facilities (for example, the upgrade of surveillance monitors). Although there were still minor weaknesses, this finding is not repeated. (Finding Code No. 07-29, 05-26)

K. Members not appointed to Advisory Board for Services for Persons who are Deaf-Blind in accordance with State law)

The previous engagement noted Board members to the Advisory Board for Services for Persons who are Deaf-Blind were not appointed by the Secretary of the Department of Human Services as required by the School Code (105 ILCS 5/14-11.02). During the current engagement, auditors noted the Department had made the required appointments. As a result, this finding is not repeated. (Finding Code No. 07-31, 05-37)

**STATE OF ILLINOIS**  
**DEPARTMENT OF HUMAN SERVICES**  
**Status of Management Audits**  
**June 30, 2009**

**Illinois Department of Public Aid's KidCare Program (July 2002)**

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 Healthcare and Family Services' (formerly Department of Public Aid) KidCare program. KidCare is now referred to as ALL KIDS.

In addition to the eligibility determination process at Healthcare and Family Services, 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 Healthcare and Family Services 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 followed up on these recommendations. We noted at that time that the Department was not properly making annual eligibility redeterminations for KidCare services. As a result of this testing, we issued Finding 05-34. During fiscal year 2007, we noted the Department made progress in implementing the recommendations; however, the following recommendations were only partially implemented:

- *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.*

During fiscal year 2009, we followed up on these remaining recommendations. As of July 1, 2006, the KidCare program was transitioned into a new program titled ALL KIDS. We noted the Department has improved controls over properly determining income and assuring proper documentation is included in the case file. However, we noted one instance of the annual redetermination not being performed as required. In addition, the Auditor General's May 2010 Program Audit of the Covering ALL KIDS Health Insurance Program recommended that the Departments of Healthcare and Family Services and Human Services develop a system to verify eligibility criteria including family income. That audit focused on the expansion portion of the

ALL KIDS program. The program audit of ALL KIDS is required annually and will follow up on the eligibility criteria finding. Additionally, we noted the Department is utilizing a passive redetermination process which instructs the family to return the form only if any of the information has changed. Due to the utilization of passive redeterminations, auditors were not able to determine if eligibility requirements were continuing to be met. As a result, the finding is repeated. (Finding Code No. 09-39)

**STATE OF ILLINOIS**  
**DEPARTMENT OF HUMAN SERVICES**  
**Status of Management Audits**  
**June 30, 2009**

**Performance Audit of Payments to the Illinois Hispanic Chamber of Commerce by State Agencies**

In August 2007, the Office of the Auditor General released its report of the performance audit of the Illinois Hispanic Chamber of Commerce, Inc. (IHCC). The audit was conducted pursuant to Senate Resolution Number 631 which was adopted April 6, 2006. This resolution required the Auditor General to conduct a performance audit of the Illinois Hispanic Chamber of Commerce, Inc.

The audit noted the Department had weaknesses related to monitoring or maintaining documentation for the IHCC grant agreements. The audit included one recommendation for improvement which was specific to the Department of Human Services as follows:

“The Department of Human Services should assure that contracts are monitored properly, including receiving and reviewing required monitoring documents, assuring that provider performance is evaluated, and assuring that all grant funds are spent for appropriate purposes and properly documented.”

The Department was able to provide supporting documentation including monitoring reports for the IHCC and final grant closeout reports for the IHCC which were reconciled to Department records. The recommendation as it relates directly to the IHCC grant has been implemented. However, auditors noted general issues regarding contract monitoring during the compliance examination. As a result, finding 09-13, “Weaknesses in contract administration” was issued.

**STATE OF ILLINOIS**  
**DEPARTMENT OF HUMAN SERVICES**  
**Status of Management Audits**  
**June 30, 2009**

**Management Audit of Pilsen-Little Village Community Mental Health Center, Inc.**

In February 2008, the Office of the Auditor General released its report of the Management Audit of the Pilsen-Little Village Community Mental Health Center, Inc. The audit was conducted pursuant to House Resolution Number 1146, which was adopted May 4, 2006. This resolution required the Auditor General to conduct a management audit of Pilsen-Little Village Community Mental Health Center, Inc.

The audit reported 19 recommendations. One recommendation (Recommendation 19) pertained to the Department of Human Services as follows:

“The Departments of Human Services (DHS), Public Health, and Healthcare and Family Services, as well as the Illinois State Board of Education, should follow up on the questionable expenditures reported in this audit and seek recovery of any inappropriately expended State funds.

And

“DHS should also assess Pilsen’s practice of supporting deficit programs with funding intended for other programs.”

During fiscal year 2009, we followed up on the recommendation. The Department was able to provide supporting documentation which substantiated the recalculation of questionable expenditures. The Department determined the allocation of management fees were properly recorded by Pilsen-Little Village Community Mental Health Center, Inc. However, the Department did seek repayment for an automobile that was purchased with grant funds and is no longer in the possession of Pilsen-Little Village Community Mental Health Center, Inc. The Department is currently in the process of seeking recovery of these funds. Additionally, the Department was not able to provide supporting documentation of their efforts towards assessing Pilsen’s practice of supporting deficit programs with funding intended for other programs. As a result, the recommendation was only partially implemented, and will be followed up on further during the next compliance examination of the Department.

## **FINANCIAL STATEMENT REPORT**

### **SUMMARY**

The audit of the accompanying basic financial statements of the State of 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, 2008 were previously issued under separate cover. The report dated March 16, 2009 was issued by Sikich LLP as Special Assistant Auditors to the Auditor General and is incorporated herein by reference.



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Certified Public Accountants

## 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, 2009, 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, 2009, and the changes in its 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, 2009, 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 June 18, 2010 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 governmental funds and Agency funds financial statements and schedules listed in the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining General Fund, nonmajor governmental funds and Agency funds 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.

*Sechick LLP*

Springfield, Illinois  
June 18, 2010



State of Illinois  
Department of Human Services

Statement of Net Assets and Governmental Funds Balance Sheet

June 30, 2009 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Net Assets
<b>ASSETS</b>					
Unexpended appropriations	\$ 261,514	\$ 8,889	\$ 270,403	\$ -	\$ 270,403
Cash equity with State Treasurer	83,076	101,935	185,011	-	185,011
Cash and cash equivalents	224	5,766	5,990	-	5,990
Investments	-	2,596	2,596	-	2,596
Due from other government - federal	131,847	55,221	187,068	-	187,068
Due from other government - local	-	200	200	-	200
Taxes receivable, net	-	271	271	-	271
Other receivables, net	24,048	19,193	43,241	-	43,241
Loans and notes receivable, net	-	471	471	-	471
Due from other Department funds	182	18,883	19,065	(19,065)	-
Due from other State funds	660	2,566	3,226	-	3,226
Due from State of Illinois component units	-	214	214	-	214
Inventories	8,586	-	8,586	-	8,586
Prepaid expenses	-	-	-	1,682	1,682
Capital assets not being depreciated	-	-	-	3,248	3,248
Capital assets being depreciated, net	-	-	-	229,828	229,828
<b>Total assets</b>	<b>\$ 510,137</b>	<b>\$ 216,205</b>	<b>\$ 726,342</b>	<b>215,693</b>	<b>942,035</b>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	\$ 323,464	\$ 92,308	\$ 415,772	-	415,772
Due to other government - federal	3,445	544	3,989	-	3,989
Due to other government - local	12,472	9,886	22,358	-	22,358
Due to other Department fiduciary funds	7	-	7	-	7
Due to other State fiduciary funds	6,728	920	7,648	-	7,648
Due to other Department funds	18,272	793	19,065	(19,065)	-
Due to other State funds	13,687	3,556	17,243	-	17,243
Due to State of Illinois component units	3,578	4,691	8,269	-	8,269
Unavailable revenue	80,146	10,619	90,765	(90,765)	-
Unearned revenue	21,702	40,060	61,762	-	61,762
Long-term obligations:					
Due within one year	-	-	-	3,209	3,209
Due subsequent to one year	-	-	-	72,260	72,260
<b>Total liabilities</b>	<b>483,501</b>	<b>163,377</b>	<b>646,878</b>	<b>(34,361)</b>	<b>612,517</b>
<b>FUND BALANCES/NET ASSETS</b>					
Reserved for:					
Encumbrances	1,859	99	1,958	(1,958)	-
Long-term portion of loans and notes receivable	-	471	471	(471)	-
Inventories	8,586	-	8,586	(8,586)	-
Other	-	1,089	1,089	(1,089)	-
Unreserved:					
General funds	16,191	-	16,191	(16,191)	-
Special revenue funds	-	51,070	51,070	(51,070)	-
Permanent funds	-	99	99	(99)	-
Invested in capital assets, net of related debt	-	-	-	232,691	232,691
Restricted net assets:					
Restricted for health and social service programs	-	-	-	1,143	1,143
Funds held as permanent investments:					
Nonexpendable purposes	-	-	-	1,089	1,089
Expendable purposes	-	-	-	99	99
Unrestricted net assets	-	-	-	94,496	94,496
<b>Total fund balances/net assets</b>	<b>26,636</b>	<b>52,828</b>	<b>79,464</b>	<b>\$ 250,054</b>	<b>\$ 329,518</b>
<b>Total liabilities and fund balances</b>	<b>\$ 510,137</b>	<b>\$ 216,205</b>	<b>\$ 726,342</b>		

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, 2009**  
**(Expressed in Thousands)**

<b>Total fund balances-governmental funds</b>	\$	79,464
<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.		233,076
Prepaid expenses for governmental activities are current uses of financial resources for funds.		1,682
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the funds.		90,765
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 liabilities consist of:		
Capital lease obligations	(18)	
Installment purchase obligations	(367)	
Compensated absences	(75,084)	
	(75,084)	(75,469)
<b>Net assets of governmental activities</b>	<b>\$</b>	<b>329,518</b>

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, 2009 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	\$ 4,244,449	\$ 3,146,937	\$ 7,391,386	\$ 45,811	\$ 7,437,197
Debt service - principal	222	19	241	(241)	-
Debt service - interest	34	1	35	-	35
Capital outlays	506	510	1,016	(1,016)	-
<b>Total expenditures/expenses</b>	<u>4,245,211</u>	<u>3,147,467</u>	<u>7,392,678</u>	<u>44,554</u>	<u>7,437,232</u>
Program revenues:					
Charges for services:					
Licenses and fees	89	6,126	6,215	191	6,406
Other	9,140	50,929	60,069	373	60,442
Total charges for services	<u>9,229</u>	<u>57,055</u>	<u>66,284</u>	<u>564</u>	<u>66,848</u>
Operating grant revenue:					
Federal	790,784	2,923,989	3,714,773	37,030	3,751,803
Other	3,096	162	3,258	(3,300)	(42)
Total operating grant revenue	<u>793,880</u>	<u>2,924,151</u>	<u>3,718,031</u>	<u>33,730</u>	<u>3,751,761</u>
<b>Net program revenues</b>	<u>(3,442,102)</u>	<u>(166,261)</u>	<u>(3,608,363)</u>	<u>(10,260)</u>	<u>(3,618,623)</u>
General revenues:					
Other taxes	-	1,266	1,266	(2)	1,264
Interest and investment income	1,770	310	2,080	-	2,080
Other	887	3,689	4,576	3	4,579
<b>Total general revenues</b>	<u>2,657</u>	<u>5,265</u>	<u>7,922</u>	<u>1</u>	<u>7,923</u>
Other sources (uses):					
Appropriations from State resources	4,278,240	128,495	4,406,735	-	4,406,735
Lapsed appropriations	(94,695)	(9,795)	(104,490)	-	(104,490)
Receipts collected and transmitted to State Treasury	(639,031)	(22,162)	(661,193)	-	(661,193)
Capital transfers from other State agencies	-	-	-	16,897	16,897
Amount of SAMS transfers-in	(82,594)	-	(82,594)	-	(82,594)
Amount of SAMS transfers-out	4,682	-	4,682	-	4,682
Transfers-in	20,008	85,526	105,534	(84,071)	21,463
Transfers-out	(99,040)	(6,654)	(105,694)	84,071	(21,623)
Capital lease and installment purchase financing	37	-	37	(37)	-
<b>Total other sources (uses)</b>	<u>3,387,607</u>	<u>175,410</u>	<u>3,563,017</u>	<u>16,860</u>	<u>3,579,877</u>
Change in fund balance/net assets	(51,838)	14,414	(37,424)	6,601	(30,823)
Fund balance/net assets, July 1, 2008	79,017	38,414	117,431	242,910	360,341
Decrease for changes in inventories	(543)	-	(543)	543	-
<b>Fund balance/net assets, June 30, 2009</b>	<u>\$ 26,636</u>	<u>\$ 52,828</u>	<u>\$ 79,464</u>	<u>\$ 250,054</u>	<u>\$ 329,518</u>

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, 2009**  
**(Expressed in Thousands)**

<b>Net change in fund balances</b>	\$ (37,424)
Change in inventories	(543)
	(37,967)
 Amounts reported for governmental activities in the Statement of Activities are different because:	
 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.	
	(44,555)
 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.	
	241
 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.	
	(37)
 Some capital assets were transferred in from other State agencies and therefore, were received at no cost.	
	16,897
 Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	34,295
 Prepaid expenses in the Statement of Activities are reported as expenses in governmental funds.	
	240
 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.	
Decrease in compensated absences obligation	63
	63
<b>Change in net assets of governmental activities</b>	<b>\$ (30,823)</b>

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, 2009 (Expressed in Thousands)

	<u>Private-Purpose Trust</u>	
	<b>Hansen- Therkelsen Memorial Deaf Student College 0123</b>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash equity with State Treasurer	\$ 965	\$ -
Cash and cash equivalents	-	1,310
Investments	-	1,094
Due from other government - federal	-	36
Other receivables, net	1	18
Due from other Department funds	-	7
Loans and notes receivable	82	-
<b>Total assets</b>	<u>1,048</u>	<u>\$ 2,465</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	-	\$ 54
Other liabilities	-	2,411
<b>Total liabilities</b>	<u>-</u>	<u>\$ 2,465</u>
<b>NET ASSETS</b>		
Held in trust and other purposes	<u>\$ 1,048</u>	

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

**State of Illinois**  
**Department of Human Services**

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**Statement of Changes in Fiduciary Net Assets**

For the Year Ended June 30, 2009 (Expressed in Thousands)

	<b>Private-Purpose Trust Hansen-Therkelsen Memorial Deaf Student College 0123</b>
<b>Additions:</b>	
Investment earnings:	
Interest, dividends and other investment income	\$ 26
Allowance adjustment for uncollectibles	3
<b>Total investment earnings</b>	<u>29</u>
<b>Total additions</b>	<u>29</u>
<b>Change in net assets</b>	29
Net assets, July 1, 2008	<u>1,019</u>
<b>Net assets, JUNE 30, 2009</b>	<u>\$ 1,048</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, 2009

**(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, 2009

**(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, 2009 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 Financial 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:

**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



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2009

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 five secondary sub-accounts (Community Developmental Disabilities Services Medicaid Trust, Care Provider Fund for Persons with a Developmental Disability, Health and Human Services Medicaid Trust, Community Mental Health Medicaid Trust, and DHS Recoveries Trust).

Additionally, the Department reports the following fund 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** – 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** – 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 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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2009

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, principal and interest on formal debt issues, claims and judgments, and compensated absences are recorded only when payment is due. 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 Fund for Persons with a Developmental Disability subaccounts of the General Fund and the FY 09 Budget Relief Fund, 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.

Appropriations from State Resources

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

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.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2009

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.

**(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**

For governmental funds, the Department recognizes the costs of inventories as expenditures when purchased. At year-end, physical counts are taken of significant inventories, consisting primarily of food and drugs maintained at the mental health and developmental centers, in governmental funds and are reported at weighted average cost. The remaining inventories are valued at replacement cost. Inventories reported in governmental funds do not reflect current appropriable resources, and therefore, the Department reserves an equivalent portion of fund balance.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2009

**(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.

**(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

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2009

**(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.

**(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 as to use for specific purposes. 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. The Department's restricted net assets are all restricted by 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."

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

Notes to Financial Statements

June 30, 2009

**(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.

**(o) Future Adoption of GASB Statements**

Effective for the year ending June 30, 2010 the Department will adopt GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets, which establishes guidance for recognition and amortization of intangible assets in the financial statements of governments. The Department has not yet determined the impact on the Department's financial statements as a result of adopting this statement.

**(3) Deposits and Investments**

**(a) Deposits**

The State Treasurer is the custodian of the Department's deposits and investments for funds maintained in the State Treasury. The Department independently manages deposits and investments maintained outside the State Treasury.

Deposits in the custody of the State Treasurer 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. Detail on the nature of these deposits and investments is available within the State of Illinois' Comprehensive Annual Financial Report.

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 (30 ILCS 230/2c) to obtain a bond, pledged securities, or other eligible collateral equal to or greater than the uninsured portion of the deposit. Deposits for locally-held funds of governmental activities had a carrying amount and a bank balance of \$7.422 and \$7.437 million at June 30, 2009, respectively. Deposits of locally-held funds of fiduciary funds had a carrying amount and a bank balance of \$2.387 million at June 30, 2009. Of the total bank balances, \$5.010 million was exposed to custodial credit risk (amounts expressed in thousands) as follows:

Uninsured and collateral held by the pledging financial institution (but not in its trust department or agent) in the Department's name	\$ 1,308
Uninsured and uncollateralized	<u>3,702</u>
	<u><u>\$ 5,010</u></u>

**STATE OF ILLINOIS  
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**(b) Investments**

As of June 30, 2009, the Department had the following investments outside of the State Treasury:

	<b>Fair Value (Thousands)</b>	<b>Weighted Average Maturity (Years)</b>
<b><i>Governmental Funds</i></b>		
U.S. Treasury Notes	\$ 10	6.000
U.S. Agency Obligations	40	5.000
Illinois Public Treasurers' Investment Pool	1,081	0.048
	<u>\$ 1,131</u>	

**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 U.S. Agency Obligations were rated Aaa by Moody's and AAA by Standard & Poor's. The Illinois Public Treasurers' Investment Pool was rated AAAM by Standard & Poor's.

**(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:

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<i>Governmental Activities</i>	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
Amounts Per Note	\$ 7,422	\$ 1,131
Deposits held for investment purposes	(1,601)	1,601
Cash equivalents	136	(136)
Petty cash	33	-
<b>Amounts per Statement of Net Assets</b>	<b>\$ 5,990</b>	<b>\$ 2,596</b>
<i>Fiduciary Funds</i>	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
Amounts Per Note	\$ 2,387	\$ -
Deposits held for investment purposes	(1,094)	1,094
Petty cash	17	-
<b>Amounts per Statement of Fiduciary Net Assets</b>	<b>\$ 1,310</b>	<b>\$ 1,094</b>

**(4) Other Receivables**

Other receivables at June 30, 2009, (expressed in thousands) consisted of the following:

<b>Revenue Source</b>	<b>Governmental Funds</b>		<b>Fiduciary Funds</b>
	<b>General Fund</b>	<b>Nonmajor Funds</b>	
Fines and fees	\$ -	\$ 880	\$ -
Public assistance recoveries	470,638	192	-
Rebates	-	12,623	-
Recipient services	-	18,131	-
Investment and other income	53	6	19
Total other receivables	470,691	31,832	19
Allowance for uncollectible amounts	(446,643)	(12,639)	-
<b>Other receivables, net</b>	<b>\$ 24,048</b>	<b>\$ 19,193</b>	<b>\$ 19</b>



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

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June 30, 2009

**(5) Interfund Balances and Activity**

*(a) Balances Due to/from Other Funds*

The following balances (amounts expressed in thousands) at June 30, 2009 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	\$ 182	\$ 660	Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.
Nonmajor governmental funds	18,883	2,566	Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.
Fiduciary	7	-	Due from other Department funds for expenditure reimbursements.
	<u>\$ 19,072</u>	<u>\$ 3,226</u>	

**STATE OF ILLINOIS  
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Notes to Financial Statements

June 30, 2009

The following balances (amounts expressed in thousands) at June 30, 2009 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	\$ 18,272	\$ 13,687	\$ 7	\$ 6,728	Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements, and other State fiduciary funds for postemployment benefits.
Nonmajor governmental funds	793	3,556	-	920	Due to other Department funds for required transfers and expenditure reimbursements, other State funds for expenditure reimbursements, and other State fiduciary funds for postemployment benefits.
	<u>\$ 19,065</u>	<u>\$ 17,243</u>	<u>\$ 7</u>	<u>\$ 7,648</u>	

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***(b) Transfers to/from Other Funds***

Interfund transfers in (amounts expressed in thousands) for the year ended June 30, 2009, 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	\$ 8	\$ 20,000	Transfer from other Department funds and other State funds pursuant to statute.
Nonmajor governmental funds	84,063	1,463	Transfers from other Department funds and other State funds pursuant to statute and annual appropriations bill.
	<u>\$ 84,071</u>	<u>\$ 21,463</u>	

Interfund transfers out (amounts expressed in thousands) for the year ended June 30, 2009, 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	\$ 83,917	\$ 15,123	Transfers to other Department funds pursuant to statute and to other State funds for State budget shortfalls and debt
Nonmajor governmental funds	154	6,500	Transfers to other Department funds pursuant to statute.
	<u>\$ 84,071</u>	<u>\$ 21,623</u>	

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*(c) Balances due from/to State of Illinois Component Units*

The University of Illinois owes the Department \$214 thousand for reimbursement of advances on grant expenditures at June 30, 2009.

The following balances (amounts expressed in thousands) at June 30, 2009 represent amounts due to State of Illinois Component Units for reimbursement for expenses incurred.

<u>Component Unit</u>	<u>Due to</u>	
	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>
Toll Highway Authority	\$ 1	\$ -
Chicago State University	6	99
Eastern Illinois University	25	12
Governors State University	62	36
Northeastern Illinois University	3	5
Western Illinois University	1	115
Illinois State University	5	-
Northern Illinois University	21	5
Southern Illinois University	372	470
University of Illinois	3,082	3,949
	<u>\$ 3,578</u>	<u>\$ 4,691</u>

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June 30, 2009

**(6) Capital Assets**

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2009 was as follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Net Transfers</u>	<u>Balance June 30, 2009</u>
Capital assets not being depreciated:					
Land and land improvements	\$ 3,248	\$ -	\$ -	\$ -	\$ 3,248
Total capital assets not being depreciated	<u>3,248</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,248</u>
Capital assets being depreciated:					
Site improvements	103,893	-	-	5,234	109,127
Buildings and building improvements	647,898	-	-	11,663	659,561
Equipment	48,531	1,016	-	(4,840)	44,707
Capital leases - equipment	147	-	52	-	95
Total capital assets being depreciated	<u>800,469</u>	<u>1,016</u>	<u>52</u>	<u>12,057</u>	<u>813,490</u>
Less accumulated depreciation:					
Site improvements	71,222	8,920	-	-	80,142
Buildings and building improvements	433,376	35,138	-	-	468,514
Equipment	38,303	1,464	-	(4,840)	34,927
Capital leases - equipment	82	49	52	-	79
Total accumulated depreciation	<u>542,983</u>	<u>45,571</u>	<u>52</u>	<u>(4,840)</u>	<u>583,662</u>
Total capital assets being depreciated, net	<u>257,486</u>	<u>(44,555)</u>	<u>-</u>	<u>16,897</u>	<u>229,828</u>
Total capital assets, net	<u>\$ 260,734</u>	<u>\$ (44,555)</u>	<u>\$ -</u>	<u>\$ 16,897</u>	<u>\$ 233,076</u>

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2009 was charged as follows:

Health and social services \$ 45,571

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During fiscal year 2002, the Department closed the Lincoln Developmental Center which has a book value of \$11.747 million, net of \$34.599 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, 2009 were as follows:

	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2009</b>	<b>Amounts Due Within One Year</b>
Other long-term obligations:					
Compensated Absences	\$ 75,147	\$ 95,080	\$ 95,143	\$75,084	\$ 3,003
Capital lease obligations	77	-	59	18	18
Installment purchase obligations	512	37	182	367	188
<b>Total</b>	<b>\$ 75,736</b>	<b>\$ 95,117</b>	<b>\$ 95,384</b>	<b>\$75,469</b>	<b>\$ 3,209</b>

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

**(b) Capital lease obligations**

The Department leases office and computer equipment with a historical cost and accumulated depreciation (amounts expressed in thousands) of \$95 and \$79, 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 noncancelable leases for financial reporting. Future minimum lease payments (amounts expressed in thousands) at June 30, 2009 are as follows:

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 18	\$ -	\$ 18
	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ 18</u>

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**(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, 2009, are as follows:

<b>Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<u>June 30</u>	<u>          </u>	<u>          </u>	<u>          </u>
2010	\$ 188	\$ 16	\$ 204
2011	125	8	133
2012	54	2	56
	<u>\$ 367</u>	<u>\$ 26</u>	<u>\$ 393</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 2009 are included in the State of Illinois' Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2009. 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 2009, the employer contribution rate was 21.049%.

**(9) Post-employment Benefits**

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date

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of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expense by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment 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 financial statements of the Department of Healthcare and Family Services. A copy of the financial statements of the Department of Healthcare and Family Services may be obtained by writing to the Department of Healthcare and Family Services, 201 South Grand Ave., Springfield, Illinois, 62763-3838.

**(10) Fund Deficits**

The Federal National Community Services, Employment and Training, Early Intervention Services Revolving, and Alcoholism and Substance Abuse funds, nonmajor governmental funds, had fund deficits (amounts expressed in thousands) of \$154, \$38, \$2,238, and \$59 respectively, at June 30, 2009. These deficits will be eliminated by future recognition of earned but unavailable revenues and from future 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 \$15.439 million for the year ended June 30, 2009.



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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>
2010	\$ 922
2011	230
	<u>\$ 1,152</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.

For federal grant programs in which questioned costs could be determined, the State of Illinois Single Audit Reports for the years ended June 30, 2008 and June 30, 2007 include questioned costs totaling \$.06 and \$.1 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, 2009.

**(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 in each case is not probable but could be reasonably possible or it is probable but a loss cannot be reasonably estimated. 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 recorded in the accompanying financial statements related to outstanding litigation.

Ligas v. Maram is a complaint for declaratory and injunctive relief filed against the Department and the Department of Healthcare and Family Services by individuals with developmental disabilities who claim violation of various federal statutes in connection with defendant's alleged failure to provide them with appropriate services sufficient to permit them to live in more integrated settings. This case has been tentatively settled which would result in changes to Medicaid service delivery.

Williams v. Quinn is a complaint for declaratory and injunctive relief filed against the Office of the Governor, the Department, and the Department of Healthcare and Family Services. The

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plaintiffs are four individuals with mental illness who claim violation of various federal statutes in connection with defendants' alleged failure to provide them with services in the most integrated setting appropriate to their needs. The complaint seeks injunctive relief in the form of relocating individuals from institutional to community settings.

The Department has also 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. In the event a material action is settled against the Department, such amounts would be paid from future appropriations of the Department or by future appropriations to another State agency.

In addition, the Department is routinely involved in a number of legal proceedings and claims that cover a wide range of matters. In the opinion of management, the outcome of these matters is not expected to have any material adverse effect on the financial position or results of operations of the Department.

**(d) Tax claim**

The IRS alleges that the Department faces potential tax liability for an alleged "misclassification" of certain individuals as independent contractors as opposed to employees. The IRS settlement proposal requires the Department to reclassify the independent contractors as employees for Federal employment tax purposes and to pay approximately \$452 thousand to discharge liability for tax years 2000 and 2001. The Department has retained outside legal counsel. If a settlement is not reached, IRS Tax Examination Reports issued in March 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 vary depending on the course of action taken by the Department. Subsequent years have not yet been subject to audit.

## SUPPLEMENTARY INFORMATION

**State of Illinois**  
**Department of Human Services**

**Combining Schedule of Accounts -**  
**General Fund**

June 30, 2009 (Expressed in Thousands)

	General Revenue 0001	Community DD Services Medicaid Trust 0142	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
<b>ASSETS</b>								
Unexpended appropriations	\$ 256,233	\$ -	\$ 5,281	\$ -	\$ -	\$ -	\$ -	\$ 261,514
Cash equity with State Treasurer	114	8,905	-	53,268	14,821	5,968	-	83,076
Cash and cash equivalents	224	-	-	-	-	-	-	224
Due from other government - federal	73,453	31,688	-	-	26,706	-	-	131,847
Due from other government - local	-	-	-	-	-	-	-	-
Other receivables, net	831	6	-	34	13	23,164	-	24,048
Due from other Department funds	24,712	-	-	-	-	-	(24,530)	182
Due from other State funds	660	-	-	-	-	-	-	660
Inventories	8,586	-	-	-	-	-	-	8,586
<b>Total assets</b>	<b>\$ 364,813</b>	<b>\$ 40,599</b>	<b>\$ 5,281</b>	<b>\$ 53,302</b>	<b>\$ 41,540</b>	<b>\$ 29,132</b>	<b>\$ (24,530)</b>	<b>\$ 510,137</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ 298,490	\$ 526	\$ 15,185	\$ 494	\$ 8,011	\$ 758	\$ -	\$ 323,464
Due to other government - federal	2,334	-	-	-	2	1,109	-	3,445
Due to other government - local	12,041	-	-	23	408	-	-	12,472
Due to other Department fiduciary funds	7	-	-	-	-	-	-	7
Due to other State fiduciary funds	6,691	-	-	-	10	27	-	6,728
Due to other Department funds	18,272	19,222	-	-	-	5,308	(24,530)	18,272
Due to other State funds	13,302	-	-	300	11	74	-	13,687
Due to State of Illinois component units	3,388	-	-	127	63	-	-	3,578
Unavailable revenue	27,400	28,833	-	-	2,057	21,856	-	80,146
Unearned revenue	21,702	-	-	-	-	-	-	21,702
<b>Total liabilities</b>	<b>403,627</b>	<b>48,581</b>	<b>15,185</b>	<b>944</b>	<b>10,562</b>	<b>29,132</b>	<b>(24,530)</b>	<b>483,501</b>
<b>FUND BALANCES (DEFICITS)</b>								
Reserved for:								
Encumbrances	1,859	-	-	-	-	-	-	1,859
Inventories	8,586	-	-	-	-	-	-	8,586
Unreserved	(49,259)	(7,982)	(9,904)	52,358	30,978	-	-	16,191
<b>Total fund balances (deficits)</b>	<b>(38,814)</b>	<b>(7,982)</b>	<b>(9,904)</b>	<b>52,358</b>	<b>30,978</b>	<b>-</b>	<b>-</b>	<b>26,636</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 364,813</b>	<b>\$ 40,599</b>	<b>\$ 5,281</b>	<b>\$ 53,302</b>	<b>\$ 41,540</b>	<b>\$ 29,132</b>	<b>\$ (24,530)</b>	<b>\$ 510,137</b>

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, 2009 (Expressed in Thousands)

	General Revenue 0001	Community DD Services Medicaid Trust 0142	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365	Community Mental Health Medicaid Trust 0718	DHS Recoveries Trust 0921	Eliminations	Total
<b>REVENUES</b>								
Federal operating grants	\$ 694,785	\$ 11,806	\$ -	\$ -	\$ 84,193	\$ -	\$ -	\$ 790,784
Licenses and fees	89	-	-	-	-	-	-	89
Interest and investment income	1	237	-	1,358	174	-	-	1,770
Other revenues	887	-	-	-	-	-	-	887
Other charges for services	77	-	-	-	-	9,063	-	9,140
Other operating grants	3,096	-	-	-	-	-	-	3,096
<b>Total revenues</b>	<b>698,935</b>	<b>12,043</b>	<b>-</b>	<b>1,358</b>	<b>84,367</b>	<b>9,063</b>	<b>-</b>	<b>805,766</b>
<b>EXPENDITURES</b>								
Health and social services	4,077,527	13,731	39,233	29,607	78,484	5,867	-	4,244,449
Debt service - principal	222	-	-	-	-	-	-	222
Debt service - interest	34	-	-	-	-	-	-	34
Capital outlays	506	-	-	-	-	-	-	506
<b>Total expenditures</b>	<b>4,078,289</b>	<b>13,731</b>	<b>39,233</b>	<b>29,607</b>	<b>78,484</b>	<b>5,867</b>	<b>-</b>	<b>4,245,211</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,379,354)</b>	<b>(1,688)</b>	<b>(39,233)</b>	<b>(28,249)</b>	<b>5,883</b>	<b>3,196</b>	<b>-</b>	<b>(3,439,445)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	4,228,240	-	50,000	-	-	-	-	4,278,240
Lapsed appropriations	(84,623)	-	(10,072)	-	-	-	-	(94,695)
Receipts collected and transmitted to State Treasury	(639,031)	-	-	-	-	-	-	(639,031)
Amount of SAMS transfers-in	(82,594)	-	-	-	-	-	-	(82,594)
Amount of SAMS transfers-out	4,682	-	-	-	-	-	-	4,682
Transfers-in	20,965	-	-	20,000	-	-	(20,957)	20,008
Transfers-out	(88,940)	(19,222)	-	(9,100)	-	(2,735)	20,957	(99,040)
Capital lease and installment purchase financing	37	-	-	-	-	-	-	37
<b>Net other sources (uses) of financial resources</b>	<b>3,358,736</b>	<b>(19,222)</b>	<b>39,928</b>	<b>10,900</b>	<b>-</b>	<b>(2,735)</b>	<b>-</b>	<b>3,387,607</b>
<b>Net change in fund balances</b>	<b>(20,618)</b>	<b>(20,910)</b>	<b>695</b>	<b>(17,349)</b>	<b>5,883</b>	<b>461</b>	<b>-</b>	<b>(51,838)</b>
Fund balances (deficits), July 1, 2008	(17,653)	12,928	(10,599)	69,707	25,095	(461)	-	79,017
Decrease for changes in inventories	(543)	-	-	-	-	-	-	(543)
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<b>\$ (38,814)</b>	<b>\$ (7,982)</b>	<b>\$ (9,904)</b>	<b>\$ 52,358</b>	<b>\$ 30,978</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 26,636</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (Expressed in Thousands)

	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	Youth Alcoholism and Substance Abuse Prevention 0128
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	331	25	1,111	35,466	17,449	202	247
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	14,336	-	-	7,249	1,771	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	271	-	-	-
Other receivables, net	-	-	-	4,705	791	-	-
Loans and notes receivable, net	-	30	-	-	-	-	-
Due from other Department funds	-	-	36	-	2,497	-	-
Due from other State funds	-	-	-	1,854	-	152	-
Due from State of Illinois component units	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 14,667</b>	<b>\$ 55</b>	<b>\$ 1,147</b>	<b>\$ 49,545</b>	<b>\$ 22,508</b>	<b>\$ 354</b>	<b>\$ 247</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 13,722	\$ -	\$ 53	\$ 623	\$ 11,465	\$ -	\$ 206
Due to other government - federal	6	-	4	7	380	-	-
Due to other government - local	598	-	-	-	788	-	36
Due to other State fiduciary funds	16	-	11	21	379	-	-
Due to other Department funds	-	-	-	-	216	-	-
Due to other State funds	179	-	13	21	1,053	-	-
Due to State of Illinois component units	146	-	-	-	370	-	-
Unavailable revenue	-	-	-	6,509	1,539	-	-
Unearned revenue	-	-	-	-	4,592	-	-
<b>Total liabilities</b>	<b>14,667</b>	<b>-</b>	<b>81</b>	<b>7,181</b>	<b>20,782</b>	<b>-</b>	<b>242</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	-	-
Long-term portion of loans and notes receivable	-	30	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	-	25	1,066	42,364	1,726	354	5
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>55</b>	<b>1,066</b>	<b>42,364</b>	<b>1,726</b>	<b>354</b>	<b>5</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 14,667</b>	<b>\$ 55</b>	<b>\$ 1,147</b>	<b>\$ 49,545</b>	<b>\$ 22,508</b>	<b>\$ 354</b>	<b>\$ 247</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (Expressed in Thousands)

	Special Revenue						
	Mental Health Transportation 0134	Diabetes Research Check-off 0198	Autism Research Check-off 0228	Drunk and Drugged Driving Prevention 0276	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	1	46	64	341	455	-	1,174
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	-	-	-	-	889	2,429	-
Due from other government - local	-	-	-	-	-	-	134
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	97	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	24	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1</b>	<b>\$ 143</b>	<b>\$ 64</b>	<b>\$ 341</b>	<b>\$ 1,368</b>	<b>\$ 2,429</b>	<b>\$ 1,308</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 222	\$ 1,008	\$ 1,501	\$ 332
Due to other government - federal	-	-	-	1	1	-	-
Due to other government - local	-	-	-	11	271	89	-
Due to other State fiduciary funds	-	-	-	2	2	-	-
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	-	-	-	31	5	-	-
Due to State of Illinois component units	-	-	-	25	81	337	-
Unavailable revenue	-	-	-	-	154	38	-
Unearned revenue	-	-	-	-	-	502	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>1,522</b>	<b>2,467</b>	<b>332</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	-	-	-	-	1	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	1	143	64	49	(155)	(38)	976
<b>Total fund balances (deficits)</b>	<b>1</b>	<b>143</b>	<b>64</b>	<b>49</b>	<b>(154)</b>	<b>(38)</b>	<b>976</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1</b>	<b>\$ 143</b>	<b>\$ 64</b>	<b>\$ 341</b>	<b>\$ 1,368</b>	<b>\$ 2,429</b>	<b>\$ 1,308</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (Expressed in Thousands)

	Special Revenue						
	Sexual Assault Services 0389	Gaining Early Awareness and Readiness for Undergraduate Programs 0394	DHS Special Purposes Trust 0408	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	61	7,605	15,222	763	659	28	1,840
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	-	147	9,824	2,489	10,402	-	2,080
Due from other government - local	1	-	-	-	-	1	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	5	1	-	952	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	15,577	-	288
Due from other State funds	-	-	130	-	20	-	80
Due from State of Illinois component units	-	-	167	-	-	-	23
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 62</b>	<b>\$ 7,757</b>	<b>\$ 25,344</b>	<b>\$ 3,252</b>	<b>\$ 27,610</b>	<b>\$ 29</b>	<b>\$ 4,311</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 24	\$ 130	\$ 9,558	\$ 2,342	\$ 25,924	\$ -	\$ 1,249
Due to other government - federal	-	-	18	91	4	-	3
Due to other government - local	-	-	2,343	2	530	-	1,033
Due to other State fiduciary funds	-	-	113	258	11	-	9
Due to other Department funds	-	-	-	-	-	-	2
Due to other State funds	-	2	597	559	41	-	62
Due to State of Illinois component units	-	50	2,477	-	101	-	183
Unavailable revenue	-	-	1,976	-	191	-	204
Unearned revenue	-	7,125	7,900	-	3,046	-	861
<b>Total liabilities</b>	<b>24</b>	<b>7,307</b>	<b>24,982</b>	<b>3,252</b>	<b>29,848</b>	<b>-</b>	<b>3,606</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	38	450	362	-	(2,238)	29	705
<b>Total fund balances (deficits)</b>	<b>38</b>	<b>450</b>	<b>362</b>	<b>-</b>	<b>(2,238)</b>	<b>29</b>	<b>705</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 62</b>	<b>\$ 7,757</b>	<b>\$ 25,344</b>	<b>\$ 3,252</b>	<b>\$ 27,610</b>	<b>\$ 29</b>	<b>\$ 4,311</b>



**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (Expressed in Thousands)

	Special Revenue							
	Multiple Sclerosis Assistance 0604	State Projects 0642	Alcoholism and Substance Abuse 0646	FY 09 Budget Relief 0678	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Tobacco Settlement Recovery 0733	Local Initiative 0762
<b>ASSETS</b>								
Unexpended appropriations	\$ -	\$ -	\$ -	\$ 6,910	\$ -	\$ -	\$ 111	\$ -
Cash equity with State Treasurer	-	701	698	-	3,865	3,709	-	7,836
Cash and cash equivalents	-	-	-	-	-	4,202	-	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	1,053	-	-	-	-	-
Due from other government - local	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	12,638	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-	-
Due from other State funds	77	25	-	-	-	75	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 77</b>	<b>\$ 726</b>	<b>\$ 1,751</b>	<b>\$ 6,910</b>	<b>\$ 3,865</b>	<b>\$ 20,624</b>	<b>\$ 111</b>	<b>\$ 7,836</b>
<b>LIABILITIES</b>								
Accounts payable and accrued liabilities	\$ -	\$ 147	\$ 1,117	\$ 6,721	\$ 114	\$ 12,442	\$ 38	\$ 1,926
Due to other government - federal	-	-	1	4	-	10	-	2
Due to other government - local	-	142	51	115	-	2,870	-	363
Due to other State fiduciary funds	-	-	3	11	-	29	-	7
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	-	437	11	7	-	133	-	53
Due to State of Illinois component units	-	-	30	42	20	9	72	131
Unavailable revenue	-	-	8	-	-	-	-	-
Unearned revenue	-	-	589	-	3,731	5,131	-	5,354
<b>Total liabilities</b>	<b>-</b>	<b>726</b>	<b>1,810</b>	<b>6,900</b>	<b>3,865</b>	<b>20,624</b>	<b>110</b>	<b>7,836</b>
<b>FUND BALANCES (DEFICITS)</b>								
Reserved for:								
Encumbrances	-	34	1	10	19	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Unreserved, undesignated	77	(34)	(60)	-	(19)	-	1	-
<b>Total fund balances (deficits)</b>	<b>77</b>	<b>-</b>	<b>(59)</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 77</b>	<b>\$ 726</b>	<b>\$ 1,751</b>	<b>\$ 6,910</b>	<b>\$ 3,865</b>	<b>\$ 20,624</b>	<b>\$ 111</b>	<b>\$ 7,836</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (Expressed in Thousands)

	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
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ 1,868	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	600	399	-	-	118	207	712
Cash and cash equivalents	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	-	-	2,259	-	293	-	-
Due from other government - local	-	14	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	-	-	-	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	2	-	-	-	-	-	-
Due from other State funds	19	-	-	-	-	-	37
Due from State of Illinois component units	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 621</b>	<b>\$ 413</b>	<b>\$ 4,127</b>	<b>\$ -</b>	<b>\$ 411</b>	<b>\$ 207</b>	<b>\$ 749</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 70	\$ -	\$ 605	\$ -	\$ 377	\$ 185	\$ 105
Due to other government - federal	1	-	8	-	1	-	-
Due to other government - local	1	-	601	-	21	-	21
Due to other State fiduciary funds	2	-	41	-	3	-	2
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	243	2	13	-	9	-	85
Due to State of Illinois component units	1	-	606	-	-	-	10
Unavailable revenue	-	-	-	-	-	-	-
Unearned revenue	-	-	700	-	-	-	526
<b>Total liabilities</b>	<b>318</b>	<b>2</b>	<b>2,574</b>	<b>-</b>	<b>411</b>	<b>185</b>	<b>749</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	34	-	-	-	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	269	411	1,553	-	-	22	-
<b>Total fund balances (deficits)</b>	<b>303</b>	<b>411</b>	<b>1,553</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>-</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 621</b>	<b>\$ 413</b>	<b>\$ 4,127</b>	<b>\$ -</b>	<b>\$ 411</b>	<b>\$ 207</b>	<b>\$ 749</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (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	Vending Facility Program for the Blind 1385	Assets for Independence 1391
<b>ASSETS</b>							
Unexpended appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash equity with State Treasurer	-	-	-	-	-	-	-
Cash and cash equivalents	618	11	53	168	-	111	417
Investments	1,272	-	-	37	-	-	-
Due from other government - federal	-	-	-	-	-	-	-
Due from other government - local	-	-	-	50	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	3	-	24	2	-	72	-
Loans and notes receivable, net	-	-	-	-	-	441	-
Due from other Department funds	-	-	28	297	-	-	158
Due from other State funds	-	-	-	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,893</b>	<b>\$ 11</b>	<b>\$ 105</b>	<b>\$ 554</b>	<b>\$ -</b>	<b>\$ 624</b>	<b>\$ 575</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 3	\$ -	\$ 15	\$ -	\$ -	\$ 84	\$ -
Due to other government - federal	-	-	2	-	-	-	-
Due to other government - local	-	-	-	-	-	-	-
Due to other State fiduciary funds	-	-	-	-	-	-	-
Due to other Department funds	-	2	-	-	-	-	288
Due to other State funds	-	-	-	-	-	-	-
Due to State of Illinois component units	-	-	-	-	-	-	-
Unavailable revenue	-	-	-	-	-	-	-
Unearned revenue	-	3	-	-	-	-	-
<b>Total liabilities</b>	<b>3</b>	<b>5</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>84</b>	<b>288</b>
<b>FUND BALANCES (DEFICITS)</b>							
Reserved for:							
Encumbrances	-	-	-	-	-	-	-
Long-term portion of loans and notes receivable	-	-	-	-	-	441	-
Other	-	-	-	-	-	-	-
Unreserved, undesignated	1,890	6	88	554	-	99	287
<b>Total fund balances (deficits)</b>	<b>1,890</b>	<b>6</b>	<b>88</b>	<b>554</b>	<b>-</b>	<b>540</b>	<b>287</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 1,893</b>	<b>\$ 11</b>	<b>\$ 105</b>	<b>\$ 554</b>	<b>\$ -</b>	<b>\$ 624</b>	<b>\$ 575</b>

**State of Illinois**  
**Department of Human Services**  
**Combining Balance Sheet -**  
**Non-major Governmental Funds**

June 30, 2009 (Expressed in Thousands)

	<u>Permanent</u>		
	DHS/DORS Permanent		
	Trust 1150	Burr Bequest 1272	Total
<b>ASSETS</b>			
Unexpended appropriations	\$ -	\$ -	\$ 8,889
Cash equity with State Treasurer			101,935
Cash and cash equivalents	87	99	5,766
Investments	342	945	2,596
Due from other government - federal	-	-	55,221
Due from other government - local	-	-	200
Taxes receivable, net	-	-	271
Other receivables, net	-	-	19,193
Loans and notes receivable, net	-	-	471
Due from other Department funds	-	-	18,883
Due from other State funds	-	-	2,566
Due from State of Illinois component units	-	-	214
Other assets	-	-	-
<b>Total assets</b>	<b>\$ 429</b>	<b>\$ 1,044</b>	<b>\$ 216,205</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 92,308
Due to other government - federal	-	-	544
Due to other government - local	-	-	9,886
Due to other State fiduciary funds	-	-	920
Due to other Department funds	285	-	793
Due to other State funds	-	-	3,556
Due to State of Illinois component units	-	-	4,691
Unavailable revenue	-	-	10,619
Unearned revenue	-	-	40,060
<b>Total liabilities</b>	<b>285</b>	<b>-</b>	<b>163,377</b>
<b>FUND BALANCES (DEFICITS)</b>			
Reserved for:			
Encumbrances	-	-	99
Long-term portion of loans and notes receivable	-	-	471
Other	144	945	1,089
Unreserved, undesignated	-	99	51,169
<b>Total fund balances (deficits)</b>	<b>144</b>	<b>1,044</b>	<b>52,828</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 429</b>	<b>\$ 1,044</b>	<b>\$ 216,205</b>

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, 2009 (Expressed in Thousands)

	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	Youth Alcoholism and Substance Abuse Prevention 0128
<b>REVENUES</b>							
Federal operating grants	\$ 67,397	\$ -	\$ -	\$ -	\$ 102,333	\$ -	\$ -
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-
Other charges for services	-	-	-	38,848	6,562	-	-
Other taxes	-	-	-	1,266	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	-	-	-	403	-	-
<b>Total revenues</b>	<b>67,397</b>	<b>-</b>	<b>-</b>	<b>40,114</b>	<b>109,298</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>							
Health and social services	67,377	-	4,737	26,584	105,792	(17)	1,065
Debt service - principal	-	-	-	-	19	-	-
Debt service - interest	-	-	-	-	1	-	-
Capital outlays	-	-	(16)	31	360	-	-
<b>Total expenditures</b>	<b>67,377</b>	<b>-</b>	<b>4,721</b>	<b>26,615</b>	<b>106,172</b>	<b>(17)</b>	<b>1,065</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>20</b>	<b>-</b>	<b>(4,721)</b>	<b>13,499</b>	<b>3,126</b>	<b>17</b>	<b>(1,065)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Transfers-in	-	20	4,682	-	117	178	1,069
Transfers-out	(20)	-	-	(5,000)	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>(20)</b>	<b>20</b>	<b>4,682</b>	<b>(5,000)</b>	<b>117</b>	<b>178</b>	<b>1,069</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>20</b>	<b>(39)</b>	<b>8,499</b>	<b>3,243</b>	<b>195</b>	<b>4</b>
Fund balances (deficits), July 1, 2008	-	35	1,105	33,865	(1,517)	159	1
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<b>\$ -</b>	<b>\$ 55</b>	<b>\$ 1,066</b>	<b>\$ 42,364</b>	<b>\$ 1,726</b>	<b>\$ 354</b>	<b>\$ 5</b>

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, 2009 (Expressed in Thousands)

	Special Revenue						
	Mental Health Transportation 0134	Diabetes Research Check-off 0198	Autism Research Check-off 0228	Drunk and Drugged Driving Prevention 0276	Federal National Community Services 0343	Employment and Training 0347	Drug Treatment 0368
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ -	\$ -	\$ -	\$ 7,373	\$ 12,196	\$ -
Licenses and fees	-	-	-	1,974	-	-	-
Interest and investment income	-	2	2	-	-	-	-
Other charges for services	-	-	-	-	-	-	3,981
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>1,974</b>	<b>7,373</b>	<b>12,196</b>	<b>3,981</b>
<b>EXPENDITURES</b>							
Health and social services	-	100	-	2,016	7,326	12,232	3,790
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>2,016</b>	<b>7,326</b>	<b>12,232</b>	<b>3,790</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>-</b>	<b>(98)</b>	<b>2</b>	<b>(42)</b>	<b>47</b>	<b>(36)</b>	<b>191</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Transfers-in	-	102	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>102</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>4</b>	<b>2</b>	<b>(42)</b>	<b>47</b>	<b>(36)</b>	<b>191</b>
Fund balances (deficits), July 1, 2008	1	139	62	91	(201)	(2)	785
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<b>\$ 1</b>	<b>\$ 143</b>	<b>\$ 64</b>	<b>\$ 49</b>	<b>\$ (154)</b>	<b>\$ (38)</b>	<b>\$ 976</b>

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, 2009 (Expressed in Thousands)

	Special Revenue						
	Sexual Assault Services 0389	Gaining Early Awareness and Readiness for Undergraduate Programs 0394	DHS Special Purposes Trust 0408	Old Age Survivors Insurance 0495	Early Intervention Services Revolving 0502	Domestic Violence Abuser Services 0528	DHS Federal Projects 0592
<b>REVENUES</b>							
Federal operating grants	\$ -	\$ 1,547	\$ 176,472	\$ 65,337	\$ 66,255	\$ -	\$ 17,694
Licenses and fees	-	-	-	-	4,152	-	-
Interest and investment income	-	149	-	-	70	-	-
Other charges for services	56	-	-	-	-	25	-
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	-	-	22	1	-	-	-
<b>Total revenues</b>	<b>56</b>	<b>1,696</b>	<b>176,494</b>	<b>65,338</b>	<b>70,477</b>	<b>25</b>	<b>17,694</b>
<b>EXPENDITURES</b>							
Health and social services	24	1,547	172,598	65,249	149,176	-	17,370
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	89	-	-	-
<b>Total expenditures</b>	<b>24</b>	<b>1,547</b>	<b>172,598</b>	<b>65,338</b>	<b>149,176</b>	<b>-</b>	<b>17,370</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>32</b>	<b>149</b>	<b>3,896</b>	<b>-</b>	<b>(78,699)</b>	<b>25</b>	<b>324</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	79,077	-	-
Transfers-out	-	-	-	-	(1,000)	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78,077</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>32</b>	<b>149</b>	<b>3,896</b>	<b>-</b>	<b>(622)</b>	<b>25</b>	<b>324</b>
Fund balances (deficits), July 1, 2008	6	301	(3,534)	-	(1,616)	4	381
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<b>\$ 38</b>	<b>\$ 450</b>	<b>\$ 362</b>	<b>\$ -</b>	<b>\$ (2,238)</b>	<b>\$ 29</b>	<b>\$ 705</b>

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, 2009 (Expressed in Thousands)

Special Revenue

	Multiple Sclerosis Assistance 0604	State Projects 0642	Alcoholism and Substance Abuse 0646	FY 09 Budget Relief 0678	DHS Private Resources 0690	U.S.D.A. Women Infants and Children 0700	Tobacco Settlement Recovery 0733	Local Initiative 0762
<b>REVENUES</b>								
Federal operating grants	\$ -	\$ 53	\$ 12,540	\$ -	\$ -	\$ 221,580	\$ -	\$ 20,295
Licenses and fees	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	2	-	-
Other charges for services	-	-	5	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Other operating grants	-	-	158	-	-	-	-	-
Other	-	-	-	-	1,393	-	-	-
<b>Total revenues</b>	-	53	12,703	-	1,393	221,582	-	20,295
<b>EXPENDITURES</b>								
Health and social services	19	53	12,776	96,012	893	221,582	2,365	20,295
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	19	53	12,776	96,012	893	221,582	2,365	20,295
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(19)	-	(73)	(96,012)	500	-	(2,365)	-
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>								
Appropriations from State resources	-	-	-	96,252	-	-	2,368	-
Lapsed appropriations	-	-	-	(230)	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	(2)	-
Transfers-in	93	-	21	-	-	-	-	-
Transfers-out	-	-	-	-	(500)	-	-	-
<b>Net other sources (uses) of financial resources</b>	93	-	21	96,022	(500)	-	2,366	-
<b>Net change in fund balances</b>	74	-	(52)	10	-	-	1	-
Fund balances (deficits), July 1, 2008	3	-	(7)	-	-	-	-	-
Decrease for changes in inventories	-	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	\$ 77	\$ -	\$ (59)	\$ 10	\$ -	\$ -	\$ 1	\$ -



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, 2009 (Expressed in Thousands)

	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
<b>REVENUES</b>							
Federal operating grants	\$ 488	\$ -	\$ 20,329	\$ -	\$ 15,967	\$ -	\$ 1,300
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-
Other charges for services	-	716	-	-	-	404	-
Other taxes	-	-	-	-	-	-	-
Other operating grants	4	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>492</b>	<b>716</b>	<b>20,329</b>	<b>-</b>	<b>15,967</b>	<b>404</b>	<b>1,300</b>
<b>EXPENDITURES</b>							
Health and social services	434	429	20,204	-	15,967	530	1,300
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	46	-	-	-	-	-	-
<b>Total expenditures</b>	<b>480</b>	<b>429</b>	<b>20,204</b>	<b>-</b>	<b>15,967</b>	<b>530</b>	<b>1,300</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>12</b>	<b>287</b>	<b>125</b>	<b>-</b>	<b>-</b>	<b>(126)</b>	<b>-</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	28,320	1,555	-	-	-
Lapsed appropriations	-	-	(8,010)	(1,555)	-	-	-
Receipts collected and transmitted to State Treasury	-	-	(21,902)	(258)	-	-	-
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
<b>Net other sources (uses) of financial resources</b>	<b>-</b>	<b>-</b>	<b>(1,592)</b>	<b>(258)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>12</b>	<b>287</b>	<b>(1,467)</b>	<b>(258)</b>	<b>-</b>	<b>(126)</b>	<b>-</b>
Fund balances (deficits), July 1, 2008	291	124	3,020	258	-	148	-
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<b>\$ 303</b>	<b>\$ 411</b>	<b>\$ 1,553</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22</b>	<b>\$ -</b>

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, 2009 (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	Vending Facility Program for the Blind 1385	Assets for Independence 1391
<b>REVENUES</b>							
Federal operating grants	\$ 262	\$ -	\$ -	\$ -	\$ 2,114,560	\$ -	\$ 11
Licenses and fees	-	-	-	-	-	-	-
Interest and investment income	50	-	-	-	-	-	-
Other charges for services	-	61	-	-	-	271	-
Other taxes	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other	864	-	316	363	-	327	-
<b>Total revenues</b>	<b>1,176</b>	<b>61</b>	<b>316</b>	<b>363</b>	<b>2,114,560</b>	<b>598</b>	<b>11</b>
<b>EXPENDITURES</b>							
Health and social services	1,272	52	299	366	2,114,560	491	23
Debt service - principal	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,272</b>	<b>52</b>	<b>299</b>	<b>366</b>	<b>2,114,560</b>	<b>491</b>	<b>23</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(96)</b>	<b>9</b>	<b>17</b>	<b>(3)</b>	<b>-</b>	<b>107</b>	<b>(12)</b>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Transfers-in	6	-	-	3	-	-	158
Transfers-out	-	(8)	(6)	-	-	(117)	-
<b>Net other sources (uses) of financial resources</b>	<b>6</b>	<b>(8)</b>	<b>(6)</b>	<b>3</b>	<b>-</b>	<b>(117)</b>	<b>158</b>
<b>Net change in fund balances</b>	<b>(90)</b>	<b>1</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>146</b>
Fund balances (deficits), July 1, 2008	1,980	5	77	554	-	550	141
Decrease for changes in inventories	-	-	-	-	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<b>\$ 1,890</b>	<b>\$ 6</b>	<b>\$ 88</b>	<b>\$ 554</b>	<b>\$ -</b>	<b>\$ 540</b>	<b>\$ 287</b>

**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, 2009 (Expressed in Thousands)

	<u>Permanent</u>		
	DHS/DORS Permanent Trust 1150	Burr Bequest 1272	Total
<b>REVENUES</b>			
Federal operating grants	\$ -	\$ -	\$ 2,923,989
Licenses and fees	-	-	6,126
Interest and investment income	25	10	310
Other charges for services	-	-	50,929
Other taxes	-	-	1,266
Other operating grants	-	-	162
Other	-	-	3,689
<b>Total revenues</b>	<u>25</u>	<u>10</u>	<u>2,986,471</u>
<b>EXPENDITURES</b>			
Health and social services	24	25	3,146,937
Debt service - principal	-	-	19
Debt service - interest	-	-	1
Capital outlays	-	-	510
<b>Total expenditures</b>	<u>24</u>	<u>25</u>	<u>3,147,467</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1</u>	<u>(15)</u>	<u>(160,996)</u>
<b>OTHER SOURCES (USES) OF FINANCIAL RESOURCES</b>			
Appropriations from State resources	-	-	128,495
Lapsed appropriations	-	-	(9,795)
Receipts collected and transmitted to State Treasury	-	-	(22,162)
Transfers-in	-	-	85,526
Transfers-out	(3)	-	(6,654)
<b>Net other sources (uses) of financial resources</b>	<u>(3)</u>	<u>-</u>	<u>175,410</u>
<b>Net change in fund balances</b>	<u>(2)</u>	<u>(15)</u>	<u>14,414</u>
Fund balances (deficits), July 1, 2008	146	1,059	38,414
Decrease for changes in inventories	-	-	-
<b>FUND BALANCES (DEFICITS), JUNE 30, 2009</b>	<u>\$ 144</u>	<u>\$ 1,044</u>	<u>\$ 52,828</u>

**State of Illinois**  
**Department of Human Services**

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

June 30, 2009 (Expressed in Thousands)

	<u>Agency</u>			<u>Total</u>
	<u>Electronic Benefits Transfers 0540</u>	<u>DHS Resident's Trust 1143</u>	<u>DHS/DORS Agency 1147</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 1,279	\$ 31	\$ 1,310
Investments	-	1,079	15	1,094
Due from other government - federal	-	36	-	36
Other receivables, net	-	17	1	18
Due from other Department funds	-	-	7	7
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 2,411</b>	<b>\$ 54</b>	<b>\$ 2,465</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ -	-	\$ 54	\$ 54
Other liabilities	-	2,411	-	2,411
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 2,411</b>	<b>\$ 54</b>	<b>\$ 2,465</b>

**State of Illinois**  
**Department of Human Services**

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

For the Year Ended June 30, 2009 (Expressed in Thousands)

	Balance at June 30, 2008	Additions	Deletions	Balance at June 30, 2009
<b>Electronic Benefits Transfers (0540)</b>				
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ -	\$ 129,471	\$ 129,471	\$ -
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 129,471</b>	<b>\$ 129,471</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Other liabilities	\$ -	\$ 129,471	\$ 129,471	\$ -
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 129,471</b>	<b>\$ 129,471</b>	<b>\$ -</b>
<b>DHS Resident's Trust (1143)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,190	\$ 18,212	\$ 18,123	\$ 1,279
Investments	1,079	-	-	1,079
Due from other government - federal	60	1,289	1,313	36
Other receivables, net	9	16,907	16,899	17
<b>Total assets</b>	<b>\$ 2,338</b>	<b>\$ 36,408</b>	<b>\$ 36,335</b>	<b>\$ 2,411</b>
<b>LIABILITIES</b>				
Other liabilities	\$ 2,338	\$ 18,196	\$ 18,123	\$ 2,411
<b>Total liabilities</b>	<b>\$ 2,338</b>	<b>\$ 18,196</b>	<b>\$ 18,123</b>	<b>\$ 2,411</b>
<b>DHS/DORS Agency (1147)</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 32	\$ 293	\$ 294	\$ 31
Investments	-	15	-	15
Other receivables, net	1	146	146	1
Due from other Department funds	5	43	41	7
<b>Total assets</b>	<b>\$ 38</b>	<b>\$ 497</b>	<b>\$ 481</b>	<b>\$ 54</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 38	\$ 310	\$ 294	\$ 54
<b>Total liabilities</b>	<b>\$ 38</b>	<b>\$ 310</b>	<b>\$ 294</b>	<b>\$ 54</b>
<b>Total - All Agency Funds</b>				
<b>ASSETS</b>				
Cash equity with State Treasurer	\$ -	\$ 129,471	\$ 129,471	\$ -
Cash and cash equivalents	1,222	18,505	18,417	1,310
Investments	1,079	15	-	1,094
Due from other government - federal	60	1,289	1,313	36
Other receivables, net	10	17,053	17,045	18
Due from other Department funds	5	43	41	7
<b>Total assets</b>	<b>\$ 2,376</b>	<b>\$ 166,376</b>	<b>\$ 166,287</b>	<b>\$ 2,465</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 38	\$ 310	\$ 294	\$ 54
Other liabilities	2,338	147,667	147,594	2,411
<b>Total liabilities</b>	<b>\$ 2,376</b>	<b>\$ 147,977</b>	<b>\$ 147,888</b>	<b>\$ 2,465</b>

## SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

### SUMMARY

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

- Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards

- Year Ended June 30, 2009 (Schedule 1)

- Year Ended June 30, 2008 (Schedule 2)

- Notes to Schedules of Expenditures of Federal Awards

- Schedule of Appropriations, Expenditures and Lapsed Balances

- Fiscal Year 2009 (Schedule 3)

- Fiscal Year 2008 (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 Changes in State Property – (Schedule 7)

- Comparative Schedule of Cash Receipts – (Schedule 8)

- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State

- Comptroller – (Schedule 9)

- Notes on Financial Related Data:

- Introduction

- Analysis of Significant Variations in Expenditures

- Analysis of Significant Variations in Receipts

- Analysis of Significant Lapse Period Spending

- Analysis of Changes in State Property

- Analysis of Accounts Receivable

- Schedule 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, 2009

- Year Ended June 30, 2008

- Memorandums of Understanding (Unaudited)

- Hurricane Katrina Assistance (Unaudited)

- Annual Cost Statistics (Unaudited)

- Service Efforts and Accomplishments (Unaudited)

The accountants' 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 accountants' 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, 2009**  
**(expressed in thousands)**

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<b><u>U.S. Department of Agriculture</u></b>			
Direct Programs:			
Supplemental Nutrition Assistance Program	10.551	\$ 2,094,133	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	218,547	206,317
<b>ARRA:</b> Special Supplemental Nutrition Program for Women, Infants and Children (WIC Program)	10.557	421	421
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	117,890	12,764
Commodity Supplemental Food Program	10.565	3,365	3,364
Emergency Food Assistance Program (Administrative Costs)	10.568	1,657	1,862
<b>ARRA:</b> Emergency Food Assistance Program (Administrative Costs)	10.568	318	318
Emergency Food Assistance Program (Food Commodities)	10.569	18,105	18,105
<b>ARRA:</b> Emergency Food Assistance Program (Food Commodities)	10.569	2,322	2,322
WIC Farmers' Market Nutrition Program (FMNP)	10.572	298	10
Senior Farmers' Market Nutrition Program (SFMNP)	10.576	588	-
Passed Through the Illinois State Board of Education:			
School Breakfast Program	10.553	95	-
National School Lunch Program	10.555	190	-
Fresh Fruit and Vegetable Program	10.582	5	-
Total U.S. Department of Agriculture		<u>2,457,934</u>	<u>245,483</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Programs:			
Community Development Block Grants / Entitlement Grants	14.218	79	-
Total U.S. Department of Housing and Urban Development		<u>79</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>			
Direct Programs:			
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	122	-
Juvenile Justice and Delinquency Prevention - Allocation to States (State Formula Grants)	16.540	1,786	1,483
Title V - Delinquency Prevention Program	16.548	24	24
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program (Byrne Discretionary Program)	16.580	490	-
Enforcing Underage Drinking Laws Program	16.727	254	270
Passed Through the Illinois Criminal Justice Information Authority:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	140	-
Total U.S. Department of Justice		<u>2,816</u>	<u>1,777</u>
<b><u>U.S. Department of Labor</u></b>			
Direct Programs:			
Employment Service / Wagner-Peyser Funded Activities	17.207	(30)	-
Total U.S. Department of Labor		<u>(30)</u>	<u>-</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, 2009**  
**(expressed in thousands)**

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<b><u>U.S. Department of Education</u></b>			
Direct Programs:			
Special Education - Grants to States	84.027	\$ 41	\$ -
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	93,627	17,458
Rehabilitation Services - Service Projects	84.128	99	99
Rehabilitation Services - Client Assistance Program (CAP)	84.161	510	-
Independent Living - State Grants	84.169	595	595
Special Education - Preschool Grants	84.173	28	-
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	1,277	1,066
Special Education - Grants for Infants and Families	84.181	17,657	3,663
<b>ARRA:</b> Special Education - Grants for Infants and Families	84.181	8,772	1,837
Safe and Drug-Free Schools and Communities - State Grants	84.186	1,826	1,804
Supported Employment Services for Individuals with Significant Disabilities	84.187	1,238	1,238
Assistive Technology	84.224	597	-
Tech-Prep Education	84.243	193	-
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	159	597
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	57	-
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	84.334	1,628	1,620
Passed Through the Illinois Community College Board:			
Tech-Prep Education	84.243	19	-
Passed Through the Illinois State Board of Education:			
Special Education - Grants to States	84.027	152	-
Special Education - Preschool Grants	84.173	35	-
Fund for the Improvement of Education (FIE)	84.215	19	-
English Language Acquisition Grants	84.365	24	-
Improving Teacher Quality State Grants	84.367	7	-
Total U.S. Department of Education		<u>128,560</u>	<u>29,977</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Programs:			
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED; CMHS Initiative)	93.104	972	804
Maternal and Child Health Federal Consolidated Programs	93.110	174	171
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2,312	2,246
Telehealth Network Grants	93.211	306	-
Family Planning - Services	93.217	8,158	7,027
Consolidated Knowledge Development and Application (KD&A) Program	93.230	49	-

(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, 2009**  
**(expressed in thousands)**

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<b><u>U.S. Department of Health and Human Services - Continued</u></b>			
Direct Programs - Continued:			
Traumatic Brain Injury State Demonstration Grant Program (TBI)	93.234	\$ 86	\$ -
Abstinence Education Program	93.235	1,659	1,454
Substance Abuse and Mental Health Services - Projects of Regional and National Significance (PRNS)	93.243	6,367	5,738
Substance Abuse and Mental Health Services - Access to Recovery	93.275	5,120	149
Temporary Assistance for Needy Families (TANF)	93.558	476,939	200,209
Refugee and Entrant Assistance - State Administered Programs	93.566	2,487	2,022
Child Care and Development Block Grant	93.575	75,410	68,279
Refugee and Entrant Assistance - Discretionary Grants	93.576	964	964
Refugee and Entrant Assistance - Targeted Assistance Grants (TAP; TAG)	93.584	791	791
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	129,552	120,626
Head Start	93.600	2,838	2,281
Assets for Independence Demonstration Program (Assets for Independence)	93.602	22	-
Basic Center Grant (BCP)	93.623	120	120
Social Services Block Grant	93.667	105,137	33,600
Child Abuse and Neglect Discretionary Activities	93.670	109	-
Family Violence Prevention and Services / Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	3,231	3,067
Children's Health Insurance Program	93.767	3,922	-
Medical Assistance Program (Medicaid; Title XIX)	93.778	140,905	-
<b>ARRA:</b> Medical Assistance Program (Medicaid; Title XIX)	93.778	17,461	-
Healthy Start Initiative (Healthy Start)	93.926	1,781	1,586
Block Grants for Community Mental Health Services (CMHS Block Grant)	93.958	15,678	14,892
Block Grants for Prevention and Treatment of Substance Abuse (Substance Abuse Prevention and Treatment (SAPT) Block Grant)	93.959	64,054	59,909
Mental Health Disaster Assistance and Emergency Mental Health (Mental Health Disaster Assistance )	93.982	46	45
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems (DCP's)	93.988	847	409
Preventive Health and Health Services Block Grant (PHHS Block Grants)	93.991	(1,002)	258
Maternal and Child Health Services Block Grant to the States (MCH Block Grants)	93.994	20,215	16,845
Adolescent Family Life - Demonstration Projects (AFL)	93.995	252	250
Total U.S. Department of Health and Human Services		<u>1,086,962</u>	<u>543,742</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, 2009**  
**(expressed in thousands)**

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<b><u>Corporation for National and Community Service</u></b>			
Direct Programs:			
State Commissions	94.003	\$ 561	\$ 127
AmeriCorps	94.006	6,395	5,658
Planning and Program Development Grants	94.007	47	47
Training and Technical Assistance	94.009	123	123
Total Corporation for National and Community Service		<u>7,126</u>	<u>5,955</u>
<b><u>Social Security Administration</u></b>			
Direct Programs:			
Social Security - Disability Insurance	96.001	67,964	-
Social Security - Work Incentives Planning and Assistance Program (SSA Work Incentives Planning and Assistance (WIPA) Program)	96.008	540	214
Total Social Security Administration		<u>68,504</u>	<u>214</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Direct Programs:			
Crisis Counseling	97.032	34	34
Total Social Security Administration		<u>34</u>	<u>34</u>
Total Expenditures of Federal Awards		<u>\$ 3,751,985</u>	<u>\$ 827,182</u>

(Concluded)

**STATE OF ILLINOIS**  
**DEPARTMENT OF HUMAN SERVICES**  
**Schedule of Expenditures of Federal Awards**  
**For the State Fiscal Year Ended June 30, 2008**  
**(expressed in thousands)**

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<b><u>U.S. Department of Agriculture</u></b>			
Direct Programs:			
Supplemental Nutrition Assistance Program	10.551	\$ 1,674,144	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	206,089	194,423
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	104,972	9,771
Commodity Supplemental Food Program	10.565	3,415	3,412
Emergency Food Assistance Program (Administrative Costs)	10.568	2,148	1,745
Emergency Food Assistance Program (Food Commodities)	10.569	8,350	8,350
WIC Farmers' Market Nutrition Program (FMNP)	10.572	186	24
Senior Farmers' Market Nutrition Program	10.576	337	20
Passed Through the Illinois State Board of Education:			
School Breakfast Program	10.553	95	-
National School Lunch Program	10.555	140	-
Total U.S. Department of Agriculture		1,999,876	217,745
<b><u>U.S. Department of Justice</u></b>			
Direct Programs:			
Education, Training and Enhanced Services to End Violence Against and Abuse of Women with Disabilities	16.529	147	146
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	874	715
Title V - Delinquency Prevention Program	16.548	1	1
Part E - State Challenge Activities	16.549	102	-
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	281	-
Enforcing Underage Drinking Laws Program	16.727	631	485
Passed Through the Criminal Justice Information Authority:			
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	680	-
Total U.S. Department of Justice		2,716	1,347
<b><u>U.S. Department of Labor</u></b>			
Direct Programs:			
Employment Service / Wagner-Peyser Funded Activities	17.207	31	-
Total U.S. Department of Labor		31	-
<b><u>U.S. Department of Education</u></b>			
Direct Programs:			
Special Education - Grants to States	84.027	53	-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	87,562	19,377
Rehabilitation Services - Service Projects	84.128	154	154
Rehabilitation Services - Client Assistance Program (CAP)	84.161	541	-
Independent Living - State Grants	84.169	730	729
Special Education - Preschool Grants	84.173	37	-

(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, 2008**  
**(expressed in thousands)**

	<u>CFDA No.</u>	<u>Expenditures of Federal Awards</u>	<u>Sub-Grantee Awards</u>
<b><u>U.S. Department of Education - Continued</u></b>			
Direct Programs - Continued:			
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	\$ 1,382	\$ 1,077
Special Education - Grants for Infants and Families	84.181	17,755	5,575
Safe and Drug-Free Schools and Communities - State Grants	84.186	1,568	1,568
Supported Employment Services for Individuals with Significant Disabilities	84.187	1,197	1,197
Assistive Technology	84.224	556	552
Tech-Prep Education	84.243	194	-
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	216	-
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	151	140
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	1,810	1,773
Passed Through the Illinois State Board of Education:			
Special Education - Grants to States	84.027	234	-
Special Education - Preschool Grants	84.173	24	-
Fund for the Improvement of Education	84.215	69	-
English Language Acquisition Grants	84.365	18	-
Improving Teacher Quality State Grants	84.367	1	-
Passed Through the Illinois Community College Board:			
Tech-Prep Education	84.243	55	-
Total U.S. Department of Education		114,307	32,142
<b><u>U.S. Department of Health and Human Services</u></b>			
Direct Programs:			
Demonstration Grants for Residential Treatment Programs for Women and Their Children	93.102	48	-
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	3,492	3,486
Maternal and Child Health Federal Consolidated Programs	93.110	238	231
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2,390	2,317
Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	93.196	(55)	-
Telehealth Network Grants	93.211	215	214
Family Planning - Services	93.217	7,727	6,821
Consolidated Knowledge Development and Application (KD&A) Program	93.230	360	351
Traumatic Brain Injury State Demonstration Grant Program	93.234	91	-
Abstinence Education Program	93.235	2,074	1,937
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	51	-
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	7,645	6,785
Substance Abuse and Mental Health Services - Access to Recovery	93.275	2,243	1,491

(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, 2008**  
**(expressed in thousands)**

	<b>CFDA No.</b>	<b>Expenditures of Federal Awards</b>	<b>Sub-Grantee Awards</b>
<b><u>U.S. Department of Health and Human Services - Continued</u></b>			
Direct Programs - Continued:			
Temporary Assistance for Needy Families	93.558	\$ 468,636	\$ 201,609
Refugee and Entrant Assistance - State Administered Programs	93.566	5,040	2,147
Child Care and Development Block Grant	93.575	90,734	83,151
Refugee and Entrant Assistance - Discretionary Grants	93.576	937	437
Refugee and Entrant Assistance - Targeted Assistance Grants	93.584	886	886
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	115,704	115,704
Head Start	93.600	2,825	2,268
Assets for Independence Demonstration Program	93.602	300	-
Basic Center Grant	93.623	220	220
Social Services Research and Demonstration	93.647	185	-
Social Services Block Grant	93.667	127,372	34,037
Family Violence Prevention and Services / Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	2,823	2,651
State Children's Insurance Program	93.767	4,482	-
Medical Assistance Program	93.778	137,999	-
Healthy Start Initiative	93.926	1,887	1,791
Block Grants for Community Mental Health Services	93.958	16,136	15,314
Block Grants for Prevention and Treatment of Substance Abuse	93.959	78,421	64,689
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	889	538
National Health Promotion	93.990	(20)	-
Preventive Health and Health Services Block Grant	93.991	234	-
Maternal and Child Health Services Block Grant to the States	93.994	17,896	14,397
Adolescent Family Life - Demonstration Projects	93.995	331	324
Total U.S. Department of Health and Human Services		<u>1,100,436</u>	<u>563,796</u>
<b><u>Corporation for National and Community Service</u></b>			
Direct Programs:			
State Commissions	94.003	293	47
Learn and Serve America - School and Community Based Programs	94.004	9	-
AmeriCorps	94.006	6,040	6,040
Planning and Program Development Grants	94.007	45	45
Training and Technical Assistance	94.009	126	126
Total Corporation for National and Community Service		<u>6,513</u>	<u>6,258</u>
<b><u>Social Security Administration</u></b>			
Direct Programs:			
Social Security - Disability Insurance	96.001	66,638	-
Social Security - Work Incentives Planning and Assistance Program	96.008	427	141
Total Social Security Administration		<u>67,065</u>	<u>141</u>
Total Expenditures of Federal Awards		<u>\$ 3,290,944</u>	<u>\$ 821,429</u>

(Concluded)

The accompanying notes are an integral part of this schedule.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS**

**For the Years Ended June 30, 2009 and 2008**

**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 financial statements. These schedules include the expenditures of federal awards received directly from federal agencies or passed through other State or local agencies.

These schedules were prepared for State compliance purposes only. A separate single audit of the Department was not conducted. However, 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 cash basis of accounting (See Note 6). These schedules have been reconciled to the Department's financial statements for the years ended June 30, 2009 and 2008.

Expenditures for the Supplemental Nutrition Assistance Program (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) during the reporting period as follows:

	2009	2008
Food stamp coupons	\$ -	\$ 1
Cash assistance in lieu of food stamp coupons	<u>2,094,133</u>	<u>1,674,143</u>
Program Totals	<u>\$2,094,133</u>	<u>\$1,674,144</u>

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 \$77,656 and \$77,396 during the years ended June 30, 2009 and 2008, respectively.

Expenditures for the Commodity Supplemental Food Program (CFDA No. 10.565) include the value of donated food commodities received from the U.S. Department of Agriculture (USDA) in the amounts (expressed in thousands) of \$2,525 and \$2,565 during the years

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

2. BASIS OF ACCOUNTING - Continued

ended June 30, 2009 and 2008, respectively. Expenditures for the Emergency Food Assistance Program (CFDA No. 10.569) represents the value of donated food commodities received from the USDA in the amounts (expressed in thousands) of \$20,427 and \$8,350 during the years ended June 30, 2009 and 2008, respectively.

All food commodities were valued based on USDA price lists.

The “negative expenditure” amounts reported for the federal award programs noted below represent the over-reporting in the preceding fiscal year(s) of disbursements (expressed in thousands) paid by the Department in the administration of these programs:

	<u>2009</u>	<u>2008</u>
Employment Service / Wagner-Peyser Funded Activities (17.207)	\$ 30	\$ -
Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities (93.196)	-	55
National Health Promotion (93.990)	-	20
Preventive Health and Health Services Block Grant (93.991)	<u>1,002</u>	<u>-</u>
Totals	<u>\$ 1,032</u>	<u>\$ 75</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 award programs administered by the Department. Transfers made in accordance with TANF program grant provisions were made to the Social Services Block Grant (CFDA No. 93.667) in the amounts (expressed in thousands) of \$32,271 and \$53,732 during the years ended June 30, 2009 and 2008, respectively.

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 award programs in accordance with OMB Circular A-87, Attachment D. The PACAP, which is narrative in nature and follows the organization 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 award programs based on the relative administrative benefits received by each on a quarterly basis.



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

3. ALLOCATION OF ADMINISTRATIVE COSTS – Continued

Indirect costs of the Department are treated in greater detail in the 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 award 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 implementation of both cost allocation plans assures that indirect cost recoveries for all federal award programs administered by the Department are maximized.

The process for indirect cost recovery is as described above for all Department federal award programs except the Rehabilitation Services – Vocational Rehabilitation Grants to States (CFDA No. 84.126) and the Social Security – Disability Insurance programs (CFDA No. 96.001). The costs compiled in the DICAP attributable to these two program areas 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 program areas. The federal grantor agencies responsible for these two program areas of the Department have required indirect cost rates rather than the allocation of indirect costs using the above-described process.

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS

The following is a brief description of the major programs administered by the Department and included in the Schedule 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.

1. Supplemental Nutrition Assistance Program (CFDA No. 10.551)

The objective of this program is to improve the health of low-income households by increasing their food purchasing ability. This program was formerly known as the Food Stamp Program.

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

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

A. U.S. Department of Agriculture – Continued

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

The objective of this program is to provide low-income pregnant, breastfeeding and postpartum women, infants, and children to age five determined to be at nutritional risk, at no cost, supplemental nutritious foods, nutrition education, and referrals to health and social services.

3. State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA No. 10.561)

The objective of this program is to provide aid to State agencies for costs incurred to operate the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program.

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 objective of this program is to assist States in operating comprehensive, coordinated, effective, efficient and accountable programs of vocational rehabilitation; to assess, plan, develop, and provide vocational rehabilitation services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, and capabilities so they may prepare for, and engage in competitive employment.

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.

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

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

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

1. Temporary Assistance for Needy Families (TANF) (CFDA No. 93.558)

The objectives of this program are to provide grants to States, Territories, the District of Columbia and federally recognized Indian Tribes operating their own Tribal TANF programs to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to 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 objectives of these programs are to make grants to States, Territories, Tribes, and tribal organizations for child care assistance for low-income families and to: (1) allow each State maximum flexibility in developing child care programs and policies that best suit the needs of children and parents within such State; (2) promote parental choice to empower working parents to make their own decisions on the child care that best suits their family's needs; (3) encourage States to provide consumer education information to help parents make informed choices about child care; (4) assist States to provide child care to parents trying to achieve independence from public assistance; and (5) assist States in implementing the health, safety, licensing, and registration standards established in State regulations.

3. Social Services Block Grant (CFDA No. 93.667)

The objectives of this program are to enable each State to furnish social services best suited to the needs of the individuals residing in the State. Federal block grant funds may be used to provide services directed toward one of the following five goals specified in the law: (1) to prevent, reduce, or eliminate dependency; (2) to achieve or maintain self-sufficiency; (3) to prevent neglect, abuse, or exploitation of children and adults; (4) to prevent or reduce inappropriate institutional care; and (5) to secure admission or referral for institutional care when other forms of care are not appropriate. In addition, special funding was provided to some states in [federal] fiscal years 1995 and 1996 for supplemental grants in support of comprehensive community revitalization projects in 104 federally designated Empowerment Zones and Enterprise Communities. The States, through the designated localities, may use these funds for activities included in each locality's strategic plan for comprehensive revitalization and directed toward goals 1, 2 or 3 above.

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

4. DESCRIPTION OF MAJOR FEDERAL AWARD PROGRAMS – Continued

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

4. Medical Assistance Program (CFDA No. 93.778)

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

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

The objective of this program is to provide financial assistance to States and Territories to support projects for the development and implementation of prevention, treatment, and rehabilitation activities directed to diseases of alcohol and drug abuse.

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 objective of this program is to replace part of the earnings lost because of a physical or mental impairment, or a combination of impairments, severe enough to prevent a person from working.

5. AMERICAN RECOVERY AND REINVESTMENT ACT

During the year ended June 30, 2008, the federal government enacted the American Recovery and Reinvestment Act (ARRA) in response to various economic events and conditions to provide additional resources for existing or newly created federal award programs. These programs have been presented separate and apart from the existing programs on the face of the accompanying Schedule of Expenditures of Federal Awards (SEFA) for the Department.

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

5. AMERICAN RECOVERY AND REINVESTMENT ACT - Continued

The following information highlights expenditure amounts (expressed in thousands) made by the Department for federal program awards under ARRA during the reporting period as follows:

	<u>2009</u>	<u>2008</u>
Special Supplemental Nutrition Program for Women, Infants and Children (10.557)	\$ 421	\$ -
Emergency Food Assistance Program (Administrative Costs) (10.568)	318	-
Emergency Food Assistance Program (Food Commodities) (10.569)	2,322	-
Special Education - Grants for Infants and Families (84.181)	8,772	-
Medical Assistance Program (Medicaid; Title XIX) (93.778)	<u>17,461</u>	-
Totals	<u>\$ 29,294</u>	<u>\$ -</u>

The Department has received federal program awards under ARRA for programs in addition to those listed above. The additional federal program awards under ARRA will be presented in the Department’s SEFA as reportable expenditures occur.

6. CHANGE IN ACCOUNTING METHOD

In fiscal year 2008, the Department changed to the cash basis of accounting for presenting the Schedule of Expenditures of Federal Awards (SEFA). This represents a change in the basis of accounting for SEFA reporting purposes from the modified accrual basis of accounting. Additional disclosures follow to highlight those amounts reported under both the cash basis and the modified accrual basis of accounting for the years ended June 30, 2008 and 2007, respectively.

Expenditures for the Special Supplemental Nutrition Program for Women, Infants and Children include \$12,422 (expressed in thousands) in infant formula rebates earned and reported for the year ended June 30, 2007, but actually received during the year ended June 30, 2008.

Transfers made in accordance with the Temporary Assistance for Needy Families (TANF) program grant provisions to the Social Services Block Grant program include \$22,568 (expressed in thousands) accrued and reported for the year ended June 30, 2007, but actually transferred during the year ended June 30, 2008.

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

6. CHANGE IN ACCOUNTING METHOD - Continued

In addition, the following expenditure amounts (expressed in thousands) for each of the major federal award programs administered by the Department were accrued and reported for the year ended June 30, 2007, but actually paid during the year ended June 30, 2008:

	<u>Expenditures of Federal Awards</u>	<u>Sub-grantee Awards</u>
Supplemental Nutrition Assistance Program	\$ -	\$ -
Special Supplemental Nutrition Program for Women, Infants and Children	19,344	16,421
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	-	-
Rehabilitation Services – Vocational Rehabilitation Grants to States	9,831	-
Temporary Assistance for Needy Families	22,873	-
Child Care and Development Block Grant	10,914	2,914
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	18,238	2,741
Social Services Block Grant	-	-
Medical Assistance Program	17,812	-
Block Grants for Prevention and Treatment of Substance Abuse	20,874	10,705
Social Security – Disability Insurance	3,065	-
Totals	<u>\$ 122,951</u>	<u>\$ 32,781</u>

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2009  
FOURTEEN MONTHS ENDED AUGUST 31, 2009  
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>PUBLIC ACTS 95-0734, 95-1001, 96-0004</b>						
<b>Appropriated Funds</b>						
<b>General Revenue Fund - 0001:</b>						
Distributive Items	\$ 801,238	\$ 734,655	\$ 65,134	\$ 799,789	\$ 1,449	\$ -
Attorney General Representative	218	114	75	189	29	-
Administrative and Program Support	78,489	66,617	8,652	75,269	3,220	-
Management Information Service	44,993	38,684	4,975	43,659	1,334	-
Disability Determination Services Bureau	2,455	1,987	279	2,266	189	-
Home Services Program	497,602	466,436	30,925	497,361	241	-
Mental Health Grants-in-aid and Purchase of Care	343,500	305,013	23,917	328,930	14,570	-
Inspector General	5,311	4,958	247	5,205	106	-
Developmental Disabilities Grants-in-aid and Purchase of Care	1,031,256	963,693	39,215	1,002,908	28,348	-
Addiction Prevention	7,619	7,369	7	7,376	243	-
Addiction Treatment	109,493	105,606	3,861	109,467	26	-
Lincoln Developmental Center	991	687	57	744	247	-
Rehabilitation Service Bureaus	17,513	12,831	3,634	16,465	1,048	-
Disability/Behavioral Health Program Administration	34,813	30,433	3,841	34,274	539	-
Community and Resident Services For Blind and Visually Impaired	1,983	1,818	129	1,947	36	-
Employment and Social Service Program	301,583	277,406	15,435	292,841	8,742	-
Juvenile Justice Program	290	251	7	258	32	-
Community Health	123,160	109,697	8,658	118,355	4,805	-
Community Youth Services	123,357	114,766	7,224	121,990	1,367	-
Shared Services	15,342	13,883	655	14,538	804	-
Legislative Initiatives	3,403	1,745	38	1,783	1,620	-
<b>Total General Revenue Fund</b>	<u>\$ 3,544,609</u>	<u>\$ 3,258,649</u>	<u>\$ 216,965</u>	<u>\$ 3,475,614</u>	<u>\$ 68,995</u>	<u>\$ -</u>
<b>Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:</b>						
Administrative and Program Support	\$ 220	\$ 149	\$ 14	\$ 163	\$ 57	\$ -
Addiction Prevention	16,000	12,086	1,792	13,878	2,122	-
Addiction Treatment	62,625	40,489	12,844	53,333	9,292	-
<b>Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund</b>	<u>\$ 78,845</u>	<u>\$ 52,724</u>	<u>\$ 14,650</u>	<u>\$ 67,374</u>	<u>\$ 11,471</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 2009  
FOURTEEN MONTHS ENDED AUGUST 31, 2009  
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>Group Home Loan Revolving Fund - 0025:</b>						
Addiction Treatment	\$ 200	\$ -	\$ -	\$ -	\$ 200	\$ -
<b>Total Group Home Loan Revolving Fund</b>	<u>\$ 200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ -</u>
<b>Illinois Veterans' Rehabilitation Fund - 0036:</b>						
Rehabilitation Service Bureaus	\$ 4,743	\$ 4,602	\$ 81	\$ 4,683	\$ 60	\$ -
<b>Total Illinois Veterans' Rehabilitation Fund</b>	<u>\$ 4,743</u>	<u>\$ 4,602</u>	<u>\$ 81</u>	<u>\$ 4,683</u>	<u>\$ 60</u>	<u>\$ -</u>
<b>Mental Health Fund - 0050:</b>						
Administrative and Program Support	\$ 100	\$ 51	\$ 2	\$ 53	\$ 47	\$ -
Management Information Service	2,097	1,919	39	1,958	139	-
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,966	-	9,966	-	-
Disability/Behavioral Health Program Administration	9,352	7,034	618	7,652	1,700	-
<b>Total Mental Health Fund</b>	<u>\$ 21,515</u>	<u>\$ 18,970</u>	<u>\$ 659</u>	<u>\$ 19,629</u>	<u>\$ 1,886</u>	<u>\$ -</u>
<b>Vocational Rehabilitation Fund - 0081:</b>						
Administrative and Program Support	\$ 15,915	\$ 12,604	\$ 887	\$ 13,491	\$ 2,424	\$ -
Management Information Service	9,546	3,862	250	4,112	5,434	-
Rehabilitation Service Bureaus	130,659	82,637	7,780	90,417	23,897	16,345
Client Assistance Project	957	499	24	523	434	-
DHS Administration	1,249	987	44	1,031	218	-
Federal Stimulus - ARRA	20,000	-	-	-	20,000	-
<b>Total Vocational Rehabilitation Fund</b>	<u>\$ 178,326</u>	<u>\$ 100,589</u>	<u>\$ 8,985</u>	<u>\$ 109,574</u>	<u>\$ 52,407</u>	<u>\$ 16,345</u>
<b>Assistance to the Homeless Fund - 0100:</b>						
Employment and Social Service Program	\$ 300	\$ -	\$ -	\$ -	\$ 300	\$ -
<b>Total Assistance to the Homeless Fund</b>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ -</u>
<b>Youth Alcoholism and Substance Abuse Prevention Fund - 0128:</b>						
Addiction Prevention	1,200	\$ 826	\$ 242	\$ 1,068	\$ 132	\$ -
<b>Total Youth Alcoholism and Substance Abuse Prevention Fund</b>	<u>\$ 1,200</u>	<u>\$ 826</u>	<u>\$ 242</u>	<u>\$ 1,068</u>	<u>\$ 132</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  
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FOURTEEN MONTHS ENDED AUGUST 31, 2009  
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>State Gaming Fund - 0129:</b>						
Addiction Treatment	\$ 960	\$ 524	\$ 179	\$ 703	\$ 257	\$ -
<b>Total State Gaming Fund</b>	<u>\$ 960</u>	<u>\$ 524</u>	<u>\$ 179</u>	<u>\$ 703</u>	<u>\$ 257</u>	<u>\$ -</u>
<b>Community DD Services Medicaid Trust Fund - 0142:</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 20,000	\$ 13,205	\$ 526	\$ 13,731	\$ 6,269	\$ -
Federal Stimulus - ARRA	2,000	-	-	-	2,000	-
<b>Total Community DD Services Medicaid Trust Fund</b>	<u>\$ 22,000</u>	<u>\$ 13,205</u>	<u>\$ 526</u>	<u>\$ 13,731</u>	<u>\$ 8,269</u>	<u>\$ -</u>
<b>Diabetes Research Check-off Fund - 0198</b>						
Community Health	\$ 100	\$ 100	\$ -	\$ 100	\$ -	\$ -
<b>Total Diabetes Research Check-off Fund</b>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Autism Research Check-off Fund - 0228</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -
<b>Total Autism Research Check-off Fund</b>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
<b>Drunk and Drugged Driving Prevention Fund - 0276:</b>						
Addiction Treatment	\$ 3,083	\$ 1,721	\$ 257	\$ 1,978	\$ 1,105	\$ -
<b>Total Drunk and Drugged Driving Prevention Fund</b>	<u>\$ 3,083</u>	<u>\$ 1,721</u>	<u>\$ 257</u>	<u>\$ 1,978</u>	<u>\$ 1,105</u>	<u>\$ -</u>
<b>Illinois Affordable Housing Trust Fund - 0286</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 1,300	\$ -	\$ -	\$ -	\$ 1,300	\$ -
Rehabilitation Service Bureaus	2,000	1,021	159	1,180	820	-
Employment and Social Service Program	11,000	3,313	-	3,313	7,687	-
<b>Total Illinois Affordable Housing Trust Fund</b>	<u>\$ 14,300</u>	<u>\$ 4,334</u>	<u>\$ 159</u>	<u>\$ 4,493</u>	<u>\$ 9,807</u>	<u>\$ -</u>
<b>Federal National Community Services Fund - 0343:</b>						
Administrative and Program Support	\$ 38	\$ 24	\$ 3	\$ 27	\$ 11	\$ -
Community Health	12,970	5,859	1,330	7,189	5,781	-
Federal Stimulus - ARRA	3,000	-	12	12	2,988	-
<b>Total Federal National Community Services Fund</b>	<u>\$ 16,008</u>	<u>\$ 5,883</u>	<u>\$ 1,345</u>	<u>\$ 7,228</u>	<u>\$ 8,780</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 2009  
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>Care Provider for Persons with Developmental Disabilities Fund - 0344:</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 40,000	\$ 34,647	\$ 5,281	\$ 39,928	\$ 72	\$ -
Federal Stimulus - ARRA	10,000	-	-	-	10,000	-
<b>Total Care Provider for Persons with Developmental Disabilities Fund</b>	<b>\$ 50,000</b>	<b>\$ 34,647</b>	<b>\$ 5,281</b>	<b>\$ 39,928</b>	<b>\$ 10,072</b>	<b>\$ -</b>
<b>Employment and Training Fund - 0347:</b>						
Employment and Social Service Program	\$ 105,955	\$ 10,310	\$ 1,921	\$ 12,231	\$ 93,724	\$ -
<b>Total Employment and Training Fund</b>	<b>\$ 105,955</b>	<b>\$ 10,310</b>	<b>\$ 1,921</b>	<b>\$ 12,231</b>	<b>\$ 93,724</b>	<b>\$ -</b>
<b>Health and Human Services Medicaid Trust Fund - 0365:</b>						
Mental Health Grants-in-aid and Purchase of Care	\$ 4,000	\$ 1,311	\$ -	\$ 1,311	\$ 2,689	\$ -
Developmental Disabilities Grants-in-aid and Purchase of Care	34,450	27,901	643	28,544	5,906	-
<b>Total Health and Human Services Medicaid Trust Fund</b>	<b>\$ 38,450</b>	<b>\$ 29,212</b>	<b>\$ 643</b>	<b>\$ 29,855</b>	<b>\$ 8,595</b>	<b>\$ -</b>
<b>Drug Treatment Fund - 0368:</b>						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Addiction Treatment	5,000	3,457	332	3,789	1,211	-
<b>Total Drug Treatment Fund</b>	<b>\$ 5,005</b>	<b>\$ 3,457</b>	<b>\$ 332</b>	<b>\$ 3,789</b>	<b>\$ 1,216</b>	<b>\$ -</b>
<b>Sexual Assault Services Fund - 0389:</b>						
Community Health	\$ 100	\$ -	\$ 24	\$ 24	\$ 76	\$ -
<b>Total Sexual Assault Services Fund</b>	<b>\$ 100</b>	<b>\$ -</b>	<b>\$ 24</b>	<b>\$ 24</b>	<b>\$ 76</b>	<b>\$ -</b>
<b>Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394:</b>						
Community Youth Services	\$ 3,500	\$ 1,377	\$ 182	\$ 1,559	\$ 1,941	\$ -
<b>Total Gaining Early Awareness and Readiness for Undergraduate Programs Fund</b>	<b>\$ 3,500</b>	<b>\$ 1,377</b>	<b>\$ 182</b>	<b>\$ 1,559</b>	<b>\$ 1,941</b>	<b>\$ -</b>

(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 2009  
FOURTEEN MONTHS ENDED AUGUST 31, 2009  
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>DHS Special Purposes Trust Fund - 0408:</b>						
Administrative and Program Support	\$ 575	\$ 457	\$ 42	\$ 499	\$ 76	\$ -
Disability Determination Services Bureau	627	521	26	547	80	-
Employment and Social Service Program	176,750	147,222	7,164	154,386	22,364	-
Community Health	10,675	5,638	2,933	8,571	2,104	-
Community Youth Services	3,665	3,236	380	3,616	49	-
Federal Stimulus - ARRA	90,500	318	1,400	1,718	88,782	-
<b>Total DHS Special Purposes Trust Fund</b>	<u>\$ 282,792</u>	<u>\$ 157,392</u>	<u>\$ 11,945</u>	<u>\$ 169,337</u>	<u>\$ 113,455</u>	<u>\$ -</u>
<b>Old Age Survivors Insurance Fund - 0495:</b>						
Administrative and Program Support	\$ 2,879	\$ 2,306	\$ 209	\$ 2,515	\$ 364	\$ -
Disability Determination Services Bureau	81,600	59,788	3,041	62,829	18,771	-
<b>Total Old Age Survivors Insurance Fund</b>	<u>\$ 84,479</u>	<u>\$ 62,094</u>	<u>\$ 3,250</u>	<u>\$ 65,344</u>	<u>\$ 19,135</u>	<u>\$ -</u>
<b>Early Intervention Services Revolving Fund - 0502:</b>						
Administrative and Program Support	\$ 412	\$ 361	\$ 23	\$ 384	\$ 28	\$ -
Community Youth Services	150,000	125,888	19,685	145,573	4,427	-
Federal Stimulus - ARRA	10,000	-	-	-	10,000	-
<b>Total Early Intervention Services Revolving Fund</b>	<u>\$ 160,412</u>	<u>\$ 126,249</u>	<u>\$ 19,708</u>	<u>\$ 145,957</u>	<u>\$ 14,455</u>	<u>\$ -</u>
<b>Domestic Violence Abuser Services Fund - 0528:</b>						
Community Health	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -
<b>Total Domestic Violence Abuser Services Fund</b>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
<b>DHS Federal Projects Fund - 0592:</b>						
Administrative and Program Support	\$ 2,610	\$ 34	\$ 24	\$ 58	\$ 2,552	\$ -
Mental Health Grants-in-aid and Purchase of Care	16,000	3,712	1,088	4,800	11,200	-
Disability/Behavioral Health Program Administration	5,949	1,256	99	1,355	4,594	-
Community Health	20,965	9,840	857	10,697	10,268	-
<b>Total DHS Federal Projects Fund</b>	<u>\$ 45,524</u>	<u>\$ 14,842</u>	<u>\$ 2,068</u>	<u>\$ 16,910</u>	<u>\$ 28,614</u>	<u>\$ -</u>
<b>Multiple Sclerosis Assistance Fund - 0604:</b>						
Rehabilitation Service Bureaus	\$ 300	\$ 19	\$ -	\$ 19	\$ 281	\$ -
<b>Total Multiple Sclerosis Assistance Fund</b>	<u>\$ 300</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ 281</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  
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>State Projects Fund - 0642:</b>						
Rehabilitation Service Bureaus	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000	\$ -
Community Health	2,729	1,684	200	1,884	845	-
<b>Total State Projects Fund</b>	<b>\$ 5,729</b>	<b>\$ 1,684</b>	<b>\$ 200</b>	<b>\$ 1,884</b>	<b>\$ 3,845</b>	<b>\$ -</b>
<b>Alcoholism and Substance Abuse Fund - 0646:</b>						
Addiction Prevention	\$ 6,009	\$ 4,137	\$ 624	\$ 4,761	\$ 1,248	\$ -
Addiction Treatment	22,103	7,566	591	8,157	13,946	-
<b>Total Alcoholism and Substance Abuse Fund</b>	<b>\$ 28,112</b>	<b>\$ 11,703</b>	<b>\$ 1,215</b>	<b>\$ 12,918</b>	<b>\$ 15,194</b>	<b>\$ -</b>
<b>FY09 Budget Relief Fund - 0678:</b>						
Administrative and Program Support	\$ 3,491	\$ 3,461	\$ -	\$ 3,461	\$ 30	\$ -
Mental Health Grants-in-aid and Purchase of Care	4,852	3,907	804	4,711	141	-
Developmental Disabilities Grants-in-aid and Purchase of Care	29,194	29,143	41	29,184	10	-
Addiction Treatment	55,144	49,113	5,984	55,097	47	-
Employment and Social Service Program	1,891	1,891	-	1,891	-	-
Community Health	1,416	1,359	56	1,415	1	-
Community Youth Services	264	239	25	264	-	-
<b>Total FY09 Budget Relief Fund</b>	<b>\$ 96,252</b>	<b>\$ 89,113</b>	<b>\$ 6,910</b>	<b>\$ 96,023</b>	<b>\$ 229</b>	<b>\$ -</b>
<b>DHS Private Resources Fund - 0690:</b>						
Administrative and Program Support	\$ 150	\$ -	\$ -	\$ -	\$ 150	\$ -
<b>Total DHS Private Resources Fund</b>	<b>\$ 150</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 150</b>	<b>\$ -</b>
<b>U.S.D.A. Women, Infants and Children Fund - 0700:</b>						
Administrative and Program Support	\$ 600	\$ 313	\$ 28	\$ 341	\$ 259	\$ -
Management Information Service	1,252	377	14	391	861	-
Community Health	322,567	288,134	15,448	303,582	18,985	-
Federal Stimulus - ARRA	25,000	409	12	421	24,579	-
<b>Total U.S.D.A. Women, Infants and Children Fund</b>	<b>\$ 349,419</b>	<b>\$ 289,233</b>	<b>\$ 15,502</b>	<b>\$ 304,735</b>	<b>\$ 44,684</b>	<b>\$ -</b>
<b>Community Mental Health Medicaid Trust Fund - 0718:</b>						
Mental Health Grants-in-aid and Purchase of Care	\$ 105,690	\$ 69,970	\$ 8,505	\$ 78,475	\$ 27,215	\$ -
<b>Total Community Mental Health Medicaid Trust Fund</b>	<b>\$ 105,690</b>	<b>\$ 69,970</b>	<b>\$ 8,505</b>	<b>\$ 78,475</b>	<b>\$ 27,215</b>	<b>\$ -</b>

(Continued)

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STATE OF ILLINOIS  
 DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>Tobacco Settlement Recovery Fund - 0733:</b>						
Community Health	\$ 2,369	\$ 2,258	\$ 111	\$ 2,369	\$ -	\$ -
<b>Total Tobacco Settlement Recovery Fund</b>	<b>\$ 2,369</b>	<b>\$ 2,258</b>	<b>\$ 111</b>	<b>\$ 2,369</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Local Initiative Fund - 0762:</b>						
Administrative and Program Support	\$ 125	\$ 98	\$ 9	\$ 107	\$ 18	\$ -
Employment and Social Service Program	22,328	17,722	2,473	20,195	2,133	-
<b>Total Local Initiative Fund</b>	<b>\$ 22,453</b>	<b>\$ 17,820</b>	<b>\$ 2,482</b>	<b>\$ 20,302</b>	<b>\$ 2,151</b>	<b>\$ -</b>
<b>Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:</b>						
DHS Administration	\$ 1,350	\$ 464	\$ 144	\$ 608	\$ 742	\$ -
<b>Total Rehabilitation Services Elementary and Secondary Education Act Fund</b>	<b>\$ 1,350</b>	<b>\$ 464</b>	<b>\$ 144</b>	<b>\$ 608</b>	<b>\$ 742</b>	<b>\$ -</b>
<b>Domestic Violence Shelter and Service Fund - 0865:</b>						
Administrative and Program Support	\$ 64	\$ 24	\$ 2	\$ 26	\$ 38	\$ -
Community Health	952	407	-	407	545	-
<b>Total Domestic Violence Shelter and Service Fund</b>	<b>\$ 1,016</b>	<b>\$ 431</b>	<b>\$ 2</b>	<b>\$ 433</b>	<b>\$ 583</b>	<b>\$ -</b>
<b>Maternal and Child Health Services Block Grant Fund - 0872:</b>						
Administrative and Program Support	\$ 87	\$ 10	\$ 4	\$ 14	\$ 73	\$ -
Management Information Service	246	229	12	241	5	-
Community Health	27,988	18,203	1,853	20,056	7,932	-
<b>Total Maternal and Child Health Services Block Grant Fund</b>	<b>\$ 28,321</b>	<b>\$ 18,442</b>	<b>\$ 1,869</b>	<b>\$ 20,311</b>	<b>\$ 8,010</b>	<b>\$ -</b>
<b>Preventive Health and Health Services Block Grant Fund - 0873:</b>						
Community Health	\$ 1,555	\$ -	\$ -	\$ -	\$ 1,555	\$ -
<b>Total Preventive Health and Health Services Block Grant Fund</b>	<b>\$ 1,555</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,555</b>	<b>\$ -</b>
<b>Community Mental Health Services Block Grant Fund - 0876:</b>						
Administrative and Program Support	\$ 71	\$ 62	\$ 5	\$ 67	\$ 4	\$ -
Mental Health Grants-in-aid and Purchase of Care	18,596	15,495	405	15,900	2,696	-
<b>Total Community Mental Health Services Block Grant Fund</b>	<b>\$ 18,667</b>	<b>\$ 15,557</b>	<b>\$ 410</b>	<b>\$ 15,967</b>	<b>\$ 2,700</b>	<b>\$ -</b>

(Continued)

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>Youth Drug Abuse Prevention Fund - 0910:</b>						
Administrative and Program Support	\$ 30	\$ -	\$ -	\$ -	\$ 30	\$ -
Addiction Treatment	530	345	185	530	-	-
<b>Total Youth Drug Abuse Prevention Fund</b>	<u>\$ 560</u>	<u>\$ 345</u>	<u>\$ 185</u>	<u>\$ 530</u>	<u>\$ 30</u>	<u>\$ -</u>
<b>Juvenile Justice Trust Fund - 0911:</b>						
Administrative and Program Support	\$ 15	\$ 13	\$ 2	\$ 15	\$ -	\$ -
Juvenile Justice Program	13,432	1,441	223	1,664	11,768	-
<b>Total Juvenile Justice Trust Fund</b>	<u>\$ 13,447</u>	<u>\$ 1,454</u>	<u>\$ 225</u>	<u>\$ 1,679</u>	<u>\$ 11,768</u>	<u>\$ -</u>
<b>DHS Recoveries Trust Fund - 0921:</b>						
Administrative and Program Support	\$ 454	\$ 388	\$ 35	\$ 423	\$ 31	\$ -
Shared Services	7,131	4,653	239	4,892	2,239	-
<b>Total DHS Recoveries Trust Fund</b>	<u>\$ 7,585</u>	<u>\$ 5,041</u>	<u>\$ 274</u>	<u>\$ 5,315</u>	<u>\$ 2,270</u>	<u>\$ -</u>
<b>Total Appropriated Funds</b>	<u>\$ 5,345,581</u>	<u>\$ 4,425,241</u>	<u>\$ 327,436</u>	<u>\$ 4,752,677</u>	<u>\$ 576,559</u>	<u>\$ 16,345</u>
<b>Non-Appropriated Funds</b>						
<b>DHS Special Purposes Trust Fund - 0408:</b>						
Employment and Social Service Program		\$ 6,161	\$ 2,664	\$ 8,825		
<b>Total DHS Special Purposes Trust Fund</b>		<u>\$ 6,161</u>	<u>\$ 2,664</u>	<u>\$ 8,825</u>		
<b>Electronic Benefits Transfers Fund - 0540:</b>						
Distributive Items		\$ 129,471	\$ -	\$ 129,471		
<b>Total Electronic Benefits Transfers Fund</b>		<u>\$ 129,471</u>	<u>\$ -</u>	<u>\$ 129,471</u>		
<b>DHS Federal Projects Fund - 0592:</b>						
Administrative and Program Support		\$ 241	\$ 374	\$ 615		
<b>Total DHS Federal Projects Fund</b>		<u>\$ 241</u>	<u>\$ 374</u>	<u>\$ 615</u>		

(Continued)

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STATE OF ILLINOIS  
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2009
<b>State Projects Fund - 0642:</b>						
Legislative Initiatives		\$ 156	\$ 127	\$ 283		
<b>Total State Projects Fund</b>		<u>\$ 156</u>	<u>\$ 127</u>	<u>\$ 283</u>		
<b>DHS Private Resources Fund - 0690:</b>						
Administrative and Program Support		\$ 82	\$ 17	\$ 99		
Mental Health Grants-in-aid and Purchase of Care		60	70	130		
Disability/Behavioral Health Program Administration		22	11	33		
Community Health		591	54	645		
<b>Total DHS Private Resources Fund</b>		<u>\$ 755</u>	<u>\$ 152</u>	<u>\$ 907</u>		
<b>DHS Recoveries Trust Fund - 0921:</b>						
Distributive Items		\$ 4,489	\$ 587	\$ 5,076		
<b>Total DHS Recoveries Trust Fund</b>		<u>\$ 4,489</u>	<u>\$ 587</u>	<u>\$ 5,076</u>		
 <b>Total Non-Appropriated Funds</b>		 <u>\$ 141,273</u>	 <u>\$ 3,904</u>	 <u>\$ 145,177</u>		
 <b>Total All Funds</b>		 <u>\$ 4,566,514</u>	 <u>\$ 331,340</u>	 <u>\$ 4,897,854</u>		

(Concluded)

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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>PUBLIC ACT 95-0348</b>						
<b>Appropriated Funds</b>						
<b>General Revenue Fund - 0001:</b>						
Distributive Items	\$ 770,427	\$ 684,517	\$ 79,310	\$ 763,827	\$ 6,600	\$ -
Attorney General Representative	213	195	8	203	10	-
Administrative and Program Support	84,737	62,938	11,121	74,059	10,678	-
Management Information Service	44,752	35,733	8,838	44,571	181	-
Disability Determination Services Bureau	2,429	2,342	87	2,429	-	-
Home Services Program	436,680	416,095	20,045	436,140	540	-
Mental Health Grants-in-aid and Purchase of Care	334,130	324,065	7,819	331,884	2,246	-
Inspector General	4,862	4,546	274	4,820	42	-
Developmental Disabilities Grants-in-aid and Purchase of Care	1,004,387	974,711	28,219	1,002,930	1,457	-
Addiction Prevention	7,619	7,461	153	7,614	5	-
Addiction Treatment	164,540	162,113	2,403	164,516	24	-
Lincoln Developmental Center	991	954	37	991	-	-
Rehabilitation Service Bureaus	17,513	16,813	536	17,349	164	-
Disability/Behavioral Health Program Administration	34,007	32,785	1,080	33,865	142	-
Community and Resident Services For Blind and Visually Impaired	1,937	1,820	86	1,906	31	-
Employment and Social Service Program	299,966	274,166	19,075	293,241	6,725	-
Juvenile Justice Program	290	274	13	287	3	-
Community Health	120,869	113,757	6,194	119,951	918	-
Community Youth Services	114,150	111,090	2,872	113,962	188	-
Shared Services	13,290	12,054	713	12,767	523	-
Legislative Initiatives	12,306	6,219	2,133	8,352	1,051	2,903
<b>Total General Revenue Fund</b>	<b>\$ 3,470,095</b>	<b>\$ 3,244,648</b>	<b>\$ 191,016</b>	<b>\$ 3,435,664</b>	<b>\$ 31,528</b>	<b>\$ 2,903</b>
<b>Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:</b>						
Administrative and Program Support	\$ 220	\$ 160	\$ 15	\$ 175	\$ 45	\$ -
Addiction Prevention	16,000	12,448	1,302	13,750	2,250	-
Addiction Treatment	62,530	44,869	10,007	54,876	7,654	-
<b>Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund</b>	<b>\$ 78,750</b>	<b>\$ 57,477</b>	<b>\$ 11,324</b>	<b>\$ 68,801</b>	<b>\$ 9,949</b>	<b>\$ -</b>
<b>Illinois Veterans' Rehabilitation Fund - 0036:</b>						
Rehabilitation Service Bureaus	\$ 4,640	\$ 3,115	\$ 1,199	\$ 4,314	\$ 326	\$ -
<b>Total Illinois Veterans' Rehabilitation Fund</b>	<b>\$ 4,640</b>	<b>\$ 3,115</b>	<b>\$ 1,199</b>	<b>\$ 4,314</b>	<b>\$ 326</b>	<b>\$ -</b>

(Continued)

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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>Mental Health Fund - 0050:</b>						
Administrative and Program Support	\$ 100	\$ 4	\$ 3	\$ 7	\$ 93	\$ -
Management Information Service	2,057	2,017	35	2,052	5	-
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,965	-	9,965	1	-
Disability/Behavioral Health Program Administration	4,852	2,858	1,631	4,489	363	-
<b>Total Mental Health Fund</b>	<u>\$ 16,975</u>	<u>\$ 14,844</u>	<u>\$ 1,669</u>	<u>\$ 16,513</u>	<u>\$ 462</u>	<u>\$ -</u>
<b>Vocational Rehabilitation Fund - 0081:</b>						
Administrative and Program Support	\$ 17,594	\$ 13,816	\$ 1,770	\$ 15,586	\$ 2,008	\$ -
Management Information Service	9,329	3,471	484	3,955	5,374	-
Rehabilitation Service Bureaus	130,006	85,145	3,295	88,440	24,566	17,000
Client Assistance Project	950	508	20	528	422	-
DHS Administration	1,110	831	36	867	243	-
<b>Total Vocational Rehabilitation Fund</b>	<u>\$ 158,989</u>	<u>\$ 103,771</u>	<u>\$ 5,605</u>	<u>\$ 109,376</u>	<u>\$ 32,613</u>	<u>\$ 17,000</u>
<b>Assistance to the Homeless Fund - 0100:</b>						
Employment and Social Service Program	\$ 300	\$ 234	\$ -	\$ 234	\$ 66	\$ -
<b>Total Assistance to the Homeless Fund</b>	<u>\$ 300</u>	<u>\$ 234</u>	<u>\$ -</u>	<u>\$ 234</u>	<u>\$ 66</u>	<u>\$ -</u>
<b>Youth Alcoholism and Substance Abuse Prevention Fund - 0128:</b>						
Addiction Prevention	\$ 1,200	\$ 886	\$ 188	\$ 1,074	\$ 126	\$ -
<b>Total Youth Alcoholism and Substance Abuse Prevention Fund</b>	<u>\$ 1,200</u>	<u>\$ 886</u>	<u>\$ 188</u>	<u>\$ 1,074</u>	<u>\$ 126</u>	<u>\$ -</u>
<b>State Gaming Fund - 0129:</b>						
Addiction Treatment	\$ 960	\$ 632	\$ 162	\$ 794	\$ 166	\$ -
<b>Total State Gaming Fund</b>	<u>\$ 960</u>	<u>\$ 632</u>	<u>\$ 162</u>	<u>\$ 794</u>	<u>\$ 166</u>	<u>\$ -</u>
<b>Mental Health Transportation Fund - 0134</b>						
Mental Health Grants-in-aid and Purchase of Care	\$ 1,200	\$ 373	\$ -	\$ 373	\$ 827	\$ -
<b>Total Mental Health Transportation Fund</b>	<u>\$ 1,200</u>	<u>\$ 373</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ 827</u>	<u>\$ -</u>
<b>Community DD Services Medicaid Trust Fund - 0142:</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 12,000	\$ 7,956	\$ -	\$ 7,956	\$ 4,044	\$ -
<b>Total Community DD Services Medicaid Trust Fund</b>	<u>\$ 12,000</u>	<u>\$ 7,956</u>	<u>\$ -</u>	<u>\$ 7,956</u>	<u>\$ 4,044</u>	<u>\$ -</u>

(Continued)

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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>Diabetes Research Check-off Fund - 0198</b>						
Community Health	\$ 100	\$ 100	\$ -	\$ 100	\$ -	\$ -
<b>Total Diabetes Research Check-off Fund</b>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Autism Research Check-off Fund - 0228</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 100	\$ -	\$ -	\$ -	\$ 100	\$ -
<b>Total Autism Research Check-off Fund</b>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>
<b>Drunk and Drugged Driving Prevention Fund - 0276:</b>						
Addiction Treatment	\$ 3,083	\$ 1,638	\$ 239	\$ 1,877	\$ 1,206	\$ -
<b>Total Drunk and Drugged Driving Prevention Fund</b>	<u>\$ 3,083</u>	<u>\$ 1,638</u>	<u>\$ 239</u>	<u>\$ 1,877</u>	<u>\$ 1,206</u>	<u>\$ -</u>
<b>Illinois Affordable Housing Trust Fund - 0286</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 1,300	\$ 1,300	\$ -	\$ 1,300	\$ -	\$ -
Employment and Social Service Program	11,000	10,992	-	10,992	8	-
<b>Total Illinois Affordable Housing Trust Fund</b>	<u>\$ 12,300</u>	<u>\$ 12,292</u>	<u>\$ -</u>	<u>\$ 12,292</u>	<u>\$ 8</u>	<u>\$ -</u>
<b>Federal National Community Services Fund - 0343:</b>						
Administrative and Program Support	\$ 38	\$ 20	\$ 1	\$ 21	\$ 17	\$ -
Community Health	12,970	5,956	1,130	7,086	5,884	-
<b>Total Federal National Community Services Fund</b>	<u>\$ 13,008</u>	<u>\$ 5,976</u>	<u>\$ 1,131</u>	<u>\$ 7,107</u>	<u>\$ 5,901</u>	<u>\$ -</u>
<b>Care Provider for Persons with Developmental Disabilities Fund - 0344:</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 43,000	\$ 42,872	\$ -	\$ 42,872	\$ 128	\$ -
<b>Total Care Provider for Persons with Developmental Disabilities Fund</b>	<u>\$ 43,000</u>	<u>\$ 42,872</u>	<u>\$ -</u>	<u>\$ 42,872</u>	<u>\$ 128</u>	<u>\$ -</u>
<b>Employment and Training Fund - 0347:</b>						
Employment and Social Service Program	\$ 105,955	\$ 2,629	\$ 343	\$ 2,972	\$ 102,983	\$ -
<b>Total Employment and Training Fund</b>	<u>\$ 105,955</u>	<u>\$ 2,629</u>	<u>\$ 343</u>	<u>\$ 2,972</u>	<u>\$ 102,983</u>	<u>\$ -</u>
<b>Health and Human Services Medicaid Trust Fund - 0365:</b>						
Developmental Disabilities Grants-in-aid and Purchase of Care	\$ 32,950	\$ 6,893	\$ 451	\$ 7,344	\$ 25,606	\$ -
<b>Total Health and Human Services Medicaid Trust Fund</b>	<u>\$ 32,950</u>	<u>\$ 6,893</u>	<u>\$ 451</u>	<u>\$ 7,344</u>	<u>\$ 25,606</u>	<u>\$ -</u>

(Continued)

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<b>Drug Treatment Fund - 0368:</b>						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Addiction Treatment	5,000	4,435	3	4,438	562	-
<b>Total Drug Treatment Fund</b>	<u>\$ 5,005</u>	<u>\$ 4,435</u>	<u>\$ 3</u>	<u>\$ 4,438</u>	<u>\$ 567</u>	<u>\$ -</u>
<b>Sexual Assault Services Fund - 0389:</b>						
Community Health	\$ 100	\$ 62	\$ 8	\$ 70	\$ 30	\$ -
<b>Total Sexual Assault Services Fund</b>	<u>\$ 100</u>	<u>\$ 62</u>	<u>\$ 8</u>	<u>\$ 70</u>	<u>\$ 30</u>	<u>\$ -</u>
<b>Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394:</b>						
Community Youth Services	\$ 3,500	\$ 1,378	\$ 259	\$ 1,637	\$ 1,863	\$ -
<b>Total Gaining Early Awareness and Readiness for Undergraduate Programs Fund</b>	<u>\$ 3,500</u>	<u>\$ 1,378</u>	<u>\$ 259</u>	<u>\$ 1,637</u>	<u>\$ 1,863</u>	<u>\$ -</u>
<b>DHS Special Purposes Trust Fund - 0408:</b>						
Administrative and Program Support	\$ 575	\$ 459	\$ 43	\$ 502	\$ 73	\$ -
Disability Determination Services Bureau	628	514	72	586	42	-
Employment and Social Service Program	178,949	141,150	12,309	153,459	25,490	-
Community Health	10,676	6,012	1,558	7,570	3,106	-
Community Youth Services	3,665	2,689	962	3,651	14	-
<b>Total DHS Special Purposes Trust Fund</b>	<u>\$ 194,493</u>	<u>\$ 150,824</u>	<u>\$ 14,944</u>	<u>\$ 165,768</u>	<u>\$ 28,725</u>	<u>\$ -</u>
<b>Old Age Survivors Insurance Fund - 0495:</b>						
Administrative and Program Support	\$ 2,879	\$ 2,269	\$ 205	\$ 2,474	\$ 405	\$ -
Disability Determination Services Bureau	79,797	58,192	3,025	61,217	18,580	-
<b>Total Old Age Survivors Insurance Fund</b>	<u>\$ 82,676</u>	<u>\$ 60,461</u>	<u>\$ 3,230</u>	<u>\$ 63,691</u>	<u>\$ 18,985</u>	<u>\$ -</u>
<b>Early Intervention Services Revolving Fund - 0502:</b>						
Administrative and Program Support	\$ 377	\$ 340	\$ 6	\$ 346	\$ 31	\$ -
Community Youth Services	134,914	125,329	9,109	134,438	476	-
<b>Total Early Intervention Services Revolving Fund</b>	<u>\$ 135,291</u>	<u>\$ 125,669</u>	<u>\$ 9,115</u>	<u>\$ 134,784</u>	<u>\$ 507</u>	<u>\$ -</u>
<b>Domestic Violence Abuser Services Fund - 0528:</b>						
Community Health	\$ 100	\$ 10	\$ 15	\$ 25	\$ 75	\$ -
<b>Total Domestic Violence Abuser Services Fund</b>	<u>\$ 100</u>	<u>\$ 10</u>	<u>\$ 15</u>	<u>\$ 25</u>	<u>\$ 75</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  
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>DHS Federal Projects Fund - 0592:</b>						
Administrative and Program Support	\$ 2,475	\$ 300	\$ -	\$ 300	\$ 2,175	\$ -
Mental Health Grants-in-aid and Purchase of Care	16,000	6,512	88	6,600	9,400	-
Disability/Behavioral Health Program Administration	5,949	1,690	379	2,069	3,880	-
Community Health	20,965	10,841	1,307	12,148	8,817	-
<b>Total DHS Federal Projects Fund</b>	<u>\$ 45,389</u>	<u>\$ 19,343</u>	<u>\$ 1,774</u>	<u>\$ 21,117</u>	<u>\$ 24,272</u>	<u>\$ -</u>
<b>Multiple Sclerosis Assistance Fund - 0604:</b>						
Rehabilitation Service Bureaus	\$ 300	\$ 12	\$ 85	\$ 97	\$ 203	\$ -
<b>Total Multiple Sclerosis Assistance Fund</b>	<u>\$ 300</u>	<u>\$ 12</u>	<u>\$ 85</u>	<u>\$ 97</u>	<u>\$ 203</u>	<u>\$ -</u>
<b>State Projects Fund - 0642:</b>						
Community Health	\$ 2,729	\$ 1,567	\$ 236	\$ 1,803	\$ 926	\$ -
<b>Total State Projects Fund</b>	<u>\$ 2,729</u>	<u>\$ 1,567</u>	<u>\$ 236</u>	<u>\$ 1,803</u>	<u>\$ 926</u>	<u>\$ -</u>
<b>Alcoholism and Substance Abuse Fund - 0646:</b>						
Addiction Prevention	\$ 6,009	\$ 4,299	\$ 579	\$ 4,878	\$ 1,131	\$ -
Addiction Treatment	22,103	5,366	1,363	6,729	15,374	-
<b>Total Alcoholism and Substance Abuse Fund</b>	<u>\$ 28,112</u>	<u>\$ 9,665</u>	<u>\$ 1,942</u>	<u>\$ 11,607</u>	<u>\$ 16,505</u>	<u>\$ -</u>
<b>DHS Private Resources Fund - 0690:</b>						
Administrative and Program Support	\$ 150	\$ 5	\$ -	\$ 5	\$ 145	\$ -
<b>Total DHS Private Resources Fund</b>	<u>\$ 150</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 145</u>	<u>\$ -</u>
<b>U.S.D.A. Women, Infants and Children Fund - 0700:</b>						
Administrative and Program Support	\$ 600	\$ 298	\$ 27	\$ 325	\$ 275	\$ -
Management Information Service	1,238	377	47	424	814	-
Community Health	292,567	266,902	16,882	283,784	8,783	-
<b>Total U.S.D.A. Women, Infants and Children Fund</b>	<u>\$ 294,405</u>	<u>\$ 267,577</u>	<u>\$ 16,956</u>	<u>\$ 284,533</u>	<u>\$ 9,872</u>	<u>\$ -</u>
<b>Community Mental Health Medicaid Trust Fund - 0718:</b>						
Mental Health Grants-in-aid and Purchase of Care	\$ 105,690	\$ 81,808	\$ 433	\$ 82,241	\$ 23,449	\$ -
<b>Total Community Mental Health Medicaid Trust Fund</b>	<u>\$ 105,690</u>	<u>\$ 81,808</u>	<u>\$ 433</u>	<u>\$ 82,241</u>	<u>\$ 23,449</u>	<u>\$ -</u>

(Continued)

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STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
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	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>Tobacco Settlement Recovery Fund - 0733:</b>						
Community Health	\$ 2,369	\$ 2,252	\$ 117	\$ 2,369	\$ -	\$ -
<b>Total Tobacco Settlement Recovery Fund</b>	<u>\$ 2,369</u>	<u>\$ 2,252</u>	<u>\$ 117</u>	<u>\$ 2,369</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Local Initiative Fund - 0762:</b>						
Administrative and Program Support	\$ 125	\$ 97	\$ 9	\$ 106	\$ 19	\$ -
Employment and Social Service Program	22,328	18,162	1,896	20,058	2,270	-
<b>Total Local Initiative Fund</b>	<u>\$ 22,453</u>	<u>\$ 18,259</u>	<u>\$ 1,905</u>	<u>\$ 20,164</u>	<u>\$ 2,289</u>	<u>\$ -</u>
<b>Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:</b>						
DHS Administration	\$ 1,350	\$ 532	\$ 93	\$ 625	\$ 725	\$ -
<b>Total Rehabilitation Services Elementary and Secondary Education Act Fund</b>	<u>\$ 1,350</u>	<u>\$ 532</u>	<u>\$ 93</u>	<u>\$ 625</u>	<u>\$ 725</u>	<u>\$ -</u>
<b>Domestic Violence Shelter and Service Fund - 0865:</b>						
Administrative and Program Support	\$ 64	\$ 23	\$ 2	\$ 25	\$ 39	\$ -
Community Health	952	547	254	801	151	-
<b>Total Domestic Violence Shelter and Service Fund</b>	<u>\$ 1,016</u>	<u>\$ 570</u>	<u>\$ 256</u>	<u>\$ 826</u>	<u>\$ 190</u>	<u>\$ -</u>
<b>Maternal and Child Health Services Block Grant Fund - 0872:</b>						
Administrative and Program Support	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ -
Management Information Service	246	227	17	244	2	-
Community Health	27,989	16,993	3,420	20,413	7,576	-
<b>Total Maternal and Child Health Services Block Grant Fund</b>	<u>\$ 28,240</u>	<u>\$ 17,220</u>	<u>\$ 3,437</u>	<u>\$ 20,657</u>	<u>\$ 7,583</u>	<u>\$ -</u>
<b>Preventive Health and Health Services Block Grant Fund - 0873:</b>						
Community Health	\$ 1,555	\$ -	\$ 258	\$ 258	\$ 1,297	\$ -
<b>Total Preventive Health and Health Services Block Grant Fund</b>	<u>\$ 1,555</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 258</u>	<u>\$ 1,297</u>	<u>\$ -</u>
<b>Community Mental Health Services Block Grant Fund - 0876:</b>						
Administrative and Program Support	\$ 71	\$ 62	\$ 6	\$ 68	\$ 3	\$ -
Mental Health Grants-in-aid and Purchase of Care	18,556	15,947	60	16,007	2,549	-
<b>Total Community Mental Health Services Block Grant Fund</b>	<u>\$ 18,627</u>	<u>\$ 16,009</u>	<u>\$ 66</u>	<u>\$ 16,075</u>	<u>\$ 2,552</u>	<u>\$ -</u>

(Continued)

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STATE OF ILLINOIS  
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 (expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>Youth Drug Abuse Prevention Fund - 0910:</b>						
Administrative and Program Support	\$ 30	\$ -	\$ -	\$ -	\$ 30	\$ -
Addiction Treatment	530	430	-	430	100	-
<b>Total Youth Drug Abuse Prevention Fund</b>	<u>\$ 560</u>	<u>\$ 430</u>	<u>\$ -</u>	<u>\$ 430</u>	<u>\$ 130</u>	<u>\$ -</u>
<b>Juvenile Justice Trust Fund - 0911:</b>						
Administrative and Program Support	\$ 10	\$ 10	\$ -	\$ 10	\$ -	\$ -
Juvenile Justice Program	13,432	922	629	1,551	11,881	-
<b>Total Juvenile Justice Trust Fund</b>	<u>\$ 13,442</u>	<u>\$ 932</u>	<u>\$ 629</u>	<u>\$ 1,561</u>	<u>\$ 11,881</u>	<u>\$ -</u>
<b>DHS Recoveries Trust Fund - 0921:</b>						
Administrative and Program Support	\$ 943	\$ 873	\$ 35	\$ 908	\$ 35	\$ -
Shared Services	5,657	3,363	197	3,560	2,097	-
<b>Total DHS Recoveries Trust Fund</b>	<u>\$ 6,600</u>	<u>\$ 4,236</u>	<u>\$ 232</u>	<u>\$ 4,468</u>	<u>\$ 2,132</u>	<u>\$ -</u>
<b>Total Appropriated Funds</b>	<u>\$ 4,949,757</u>	<u>\$ 4,289,592</u>	<u>\$ 269,320</u>	<u>\$ 4,558,912</u>	<u>\$ 370,942</u>	<u>\$ 19,903</u>
<b>Non-Appropriated Funds</b>						
<b>Vocational Rehabilitation Fund - 0081:</b>						
Administrative and Program Support		\$ 501	\$ -	\$ 501		
<b>Total Vocational Rehabilitation Fund</b>		<u>\$ 501</u>	<u>\$ -</u>	<u>\$ 501</u>		
<b>DHS Special Purposes Trust Fund - 0408:</b>						
Employment and Social Service Program		\$ 4,662	\$ 3,808	\$ 8,470		
<b>Total DHS Special Purposes Trust Fund</b>		<u>\$ 4,662</u>	<u>\$ 3,808</u>	<u>\$ 8,470</u>		
<b>Electronic Benefits Transfers Fund - 0540:</b>						
Distributive Items		\$ 121,946	\$ -	\$ 121,946		
<b>Total Electronic Benefits Transfers Fund</b>		<u>\$ 121,946</u>	<u>\$ -</u>	<u>\$ 121,946</u>		
<b>State Projects Fund - 0642:</b>						
Rehabilitation Service Bureaus		\$ 1,319	\$ 196	\$ 1,515		
Community Health		30	30	60		
Legislative Initiatives		314	178	492		
<b>Total State Projects Fund</b>		<u>\$ 1,663</u>	<u>\$ 404</u>	<u>\$ 2,067</u>		

(Continued)

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STATE OF ILLINOIS  
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(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2008	Lapse Period Expenditures July 1 to August 31	Total Expenditures	Balances Lapsed	Balances Reappropriated July 1, 2008
<b>DHS Private Resources Fund - 0690:</b>						
Administrative and Program Support		\$ 28	\$ 12	\$ 40		
Mental Health Grants-in-aid and Purchase of Care		47	64	111		
Disability/Behavioral Health Program Administration		8	6	14		
Community Health		486	-	486		
<b>Total DHS Private Resources Fund</b>		<u>\$ 569</u>	<u>\$ 82</u>	<u>\$ 651</u>		
<b>DHS Recoveries Trust Fund - 0921:</b>						
Distributive Items		\$ 4,275	\$ 1,036	\$ 5,311		
<b>Total DHS Recoveries Trust Fund</b>		<u>\$ 4,275</u>	<u>\$ 1,036</u>	<u>\$ 5,311</u>		
<b>Total Non-Appropriated Funds</b>		<u>\$ 133,616</u>	<u>\$ 5,330</u>	<u>\$ 138,946</u>		
<b>Total All Funds</b>		<u>\$ 4,423,208</u>	<u>\$ 274,650</u>	<u>\$ 4,697,858</u>		

(Concluded)

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STATE OF ILLINOIS  
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(expressed in thousands)

	2009 <u>PA 95-0734,</u> <u>95-1001, 96-0004</u>	2008 <u>PA 95-0348</u>	2007 <u>PA 94-0798,</u> <u>95-0144</u>
<b>Appropriated Funds</b>			
<b>General Revenue Fund - 0001:</b>			
<b>Appropriations (net after transfers)</b>	\$ 3,544,609	\$ 3,470,095	\$ 3,380,266
<b>Expenditures:</b>			
Distributive Items	799,789	763,827	717,010
Attorney General Representative	189	203	194
Administrative and Program Support	75,269	74,059	90,196
Management Information Service	43,659	44,571	42,957
Disability Determination Services Bureau	2,266	2,429	2,312
Home Services Program	497,361	436,140	403,075
Mental Health Grants-in-aid and Purchase of Care	328,930	331,884	322,023
Inspector General	5,205	4,820	4,358
Developmental Disabilities Grants-in-aid and Purchase of Care	1,002,908	1,002,930	979,370
Addiction Prevention	7,376	7,614	7,619
Addiction Treatment	109,467	164,516	164,465
Lincoln Developmental Center	744	991	900
Rehabilitation Service Bureaus	16,465	17,349	17,477
Disability/Behavioral Health Program Administration	34,274	33,865	34,476
Community and Resident Services for Blind and Visually Impaired	1,947	1,906	1,713
Employment and Social Service Program	292,841	293,241	264,787
Juvenile Justice Program	258	287	318
Community Health	118,355	119,951	121,175
Community Youth Services	121,990	113,962	104,105
Shared Services	14,538	12,767	-
Legislative Initiatives	1,783	8,352	-
<b>Total Expenditures</b>	<u>3,475,614</u>	<u>3,435,664</u>	<u>3,278,530</u>
<b>Lapsed Balances</b>	<u>68,995</u>	<u>31,528</u>	<u>101,736</u>
<b>Balances Reappropriated</b>	<u>\$ -</u>	<u>\$ 2,903</u>	<u>\$ -</u>
<b>Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:</b>			
<b>Appropriations (net after transfers)</b>	\$ 78,845	\$ 78,750	\$ 78,642
<b>Expenditures:</b>			
Administrative and Program Support	163	175	205
Addiction Prevention	13,878	13,750	13,472
Addiction Treatment	53,333	54,876	54,319
<b>Total Expenditures</b>	<u>67,374</u>	<u>68,801</u>	<u>67,996</u>
<b>Lapsed Balances</b>	<u>\$ 11,471</u>	<u>\$ 9,949</u>	<u>\$ 10,646</u>

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(expressed in thousands)

	2009	2008	2007
<b>Group Home Loan Revolving Fund - 0025:</b>			
<b>Appropriations (net after transfers)</b>	\$ 200	\$ -	\$ -
<b>Expenditures</b>	-	-	-
<b>Lapsed Balances</b>	\$ 200	\$ -	\$ -
<b>Illinois Veterans' Rehabilitation Fund - 0036:</b>			
<b>Appropriations (net after transfers)</b>	\$ 4,743	\$ 4,640	\$ 4,431
<b>Expenditures:</b>			
Rehabilitation Service Bureaus	4,683	4,314	4,286
<b>Total Expenditures</b>	4,683	4,314	4,286
<b>Lapsed Balances</b>	\$ 60	\$ 326	\$ 145
<b>Mental Health Fund - 0050:</b>			
<b>Appropriations (net after transfers)</b>	\$ 21,515	\$ 16,975	\$ 15,486
<b>Expenditures:</b>			
Administrative and Program Support	53	7	7
Management Information Service	1,958	2,052	645
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,965	9,966
Disability/Behavioral Health Program Administration	7,652	4,489	3,366
<b>Total Expenditures</b>	19,629	16,513	13,984
<b>Lapsed Balances</b>	\$ 1,886	\$ 462	\$ 1,502
<b>Vocational Rehabilitation Fund - 0081:</b>			
<b>Appropriations (net after transfers)</b>	\$ 178,326	\$ 158,989	\$ 155,405
<b>Expenditures:</b>			
Administrative and Program Support	13,491	15,586	14,617
Management Information Service	4,112	3,955	4,244
Rehabilitation Service Bureaus	90,417	88,440	81,312
Client Assistance Project	523	528	517
DHS Administration	1,031	867	798
<b>Total Expenditures</b>	109,574	109,376	101,488
<b>Lapsed Balances</b>	52,407	32,613	42,873
<b>Balances Reappropriated</b>	\$ 16,345	\$ 17,000	\$ 11,044
<b>Assistance to the Homeless Fund - 0100:</b>			
<b>Appropriations (net after transfers)</b>	\$ 300	\$ 300	\$ 300
<b>Expenditures:</b>			
Employment and Social Service Program	-	234	269
<b>Total Expenditures</b>	-	234	269
<b>Lapsed Balances</b>	\$ 300	\$ 66	\$ 31

(Continued)

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(expressed in thousands)

	2009	2008	2007
<b>Youth Alcoholism and Substance Abuse Prevention Fund - 0128:</b>			
<b>Appropriations (net after transfers)</b>	\$ 1,200	\$ 1,200	\$ 1,200
<b>Expenditures:</b>			
Addiction Prevention	1,068	1,074	1,087
<b>Total Expenditures</b>	1,068	1,074	1,087
<b>Lapsed Balances</b>	\$ 132	\$ 126	\$ 113
<b>State Gaming Fund - 0129:</b>			
<b>Appropriations (net after transfers)</b>	\$ 960	\$ 960	\$ 960
<b>Expenditures:</b>			
Addiction Treatment	703	794	817
<b>Total Expenditures</b>	703	794	817
<b>Lapsed Balances</b>	\$ 257	\$ 166	\$ 143
<b>Mental Health Transportation Fund - 0134</b>			
<b>Appropriations (net after transfers)</b>	\$ -	\$ 1,200	\$ 1,200
<b>Expenditures:</b>			
Mental Health Grants-in-aid and Purchase of Care	-	373	827
<b>Total Expenditures</b>	-	373	827
<b>Lapsed Balances</b>	\$ -	\$ 827	\$ 373
<b>Community DD Services Medicaid Trust Fund - 0142:</b>			
<b>Appropriations (net after transfers)</b>	\$ 22,000	\$ 12,000	\$ 5,000
<b>Expenditures:</b>			
Developmental Disabilities Grants-in-aid and Purchase of Care	13,731	7,956	4,999
<b>Total Expenditures</b>	13,731	7,956	4,999
<b>Lapsed Balances</b>	\$ 8,269	\$ 4,044	\$ 1
<b>Diabetes Research Check-off Fund - 0198:</b>			
<b>Appropriations (net after transfers)</b>	\$ 100	\$ 100	\$ 100
<b>Expenditures:</b>			
Community Health	100	100	100
<b>Total Expenditures</b>	100	100	100
<b>Lapsed Balances</b>	\$ -	\$ -	\$ -
<b>Autism Research Check-off Fund - 0228:</b>			
<b>Appropriations (net of transfers)</b>	\$ 100	\$ 100	\$ 100
<b>Expenditures</b>	-	-	-
<b>Lapsed Balances</b>	\$ 100	\$ 100	\$ 100
<b>Drunk and Drugged Driving Prevention Fund - 0276:</b>			
<b>Appropriations (net after transfers)</b>	\$ 3,083	\$ 3,083	\$ 3,083
<b>Expenditures:</b>			
Addiction Treatment	1,978	1,877	1,834
<b>Total Expenditures</b>	1,978	1,877	1,834
<b>Lapsed Balances</b>	\$ 1,105	\$ 1,206	\$ 1,249

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	2009	2008	2007
<b>Illinois Affordable Housing Trust Fund - 0286</b>			
Appropriations (net of transfers)	\$ 14,300	\$ 12,300	\$ 12,300
<b>Expenditures:</b>			
Developmental Disabilities Grants-in-aid and Purchase of Care	-	1,300	1,299
Rehabilitation Service Bureaus	1,180	-	-
Employment and Social Service Program	3,313	10,992	10,993
<b>Total Expenditures</b>	<u>4,493</u>	<u>12,292</u>	<u>12,292</u>
<b>Lapsed Balances</b>	<u>\$ 9,807</u>	<u>\$ 8</u>	<u>\$ 8</u>
<b>Federal National Community Services Fund - 0343:</b>			
Appropriations (net after transfers)	\$ 16,008	\$ 13,008	\$ 13,001
<b>Expenditures:</b>			
Administrative and Program Support	27	21	31
Community Health	7,189	7,086	7,440
Federal Stimulus - ARRA	12	-	-
<b>Total Expenditures</b>	<u>7,228</u>	<u>7,107</u>	<u>7,471</u>
<b>Lapsed Balances</b>	<u>\$ 8,780</u>	<u>\$ 5,901</u>	<u>\$ 5,530</u>
<b>Care Provider for Persons with Developmental Disabilities Fund - 0344:</b>			
Appropriations (net after transfers)	\$ 50,000	\$ 43,000	\$ 40,000
<b>Expenditures:</b>			
Developmental Disabilities Grants-in-aid and Purchase of Care	39,928	42,872	40,000
<b>Total Expenditures</b>	<u>39,928</u>	<u>42,872</u>	<u>40,000</u>
<b>Lapsed Balances</b>	<u>\$ 10,072</u>	<u>\$ 128</u>	<u>\$ -</u>
<b>Employment and Training Fund - 0347:</b>			
Appropriations (net after transfers)	\$ 105,955	\$ 105,955	\$ 105,955
<b>Expenditures:</b>			
Employment and Social Service Program	12,231	2,972	10,046
<b>Total Expenditures</b>	<u>12,231</u>	<u>2,972</u>	<u>10,046</u>
<b>Lapsed Balances</b>	<u>\$ 93,724</u>	<u>\$ 102,983</u>	<u>\$ 95,909</u>
<b>Health and Human Services Medicaid Trust Fund - 0365:</b>			
Appropriations (net after transfers)	\$ 38,450	\$ 32,950	\$ 15,000
<b>Expenditures</b>			
Mental Health Grants-in-aid and Purchase of Care	1,311	-	-
Developmental Disabilities Grants-in-aid and Purchase of Care	28,544	7,344	-
<b>Total Expenditures</b>	<u>29,855</u>	<u>7,344</u>	<u>-</u>
<b>Lapsed Balances</b>	<u>\$ 8,595</u>	<u>\$ 25,606</u>	<u>\$ 15,000</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, 2009, 2008 AND 2007  
(expressed in thousands)

	2009	2008	2007
<b>Drug Treatment Fund - 0368:</b>			
<b>Appropriations (net after transfers)</b>	\$ 5,005	\$ 5,005	\$ 5,005
<b>Expenditures:</b>			
Addiction Treatment	3,789	4,438	3,579
<b>Total Expenditures</b>	3,789	4,438	3,579
<b>Lapsed Balances</b>	\$ 1,216	\$ 567	\$ 1,426
<b>Sexual Assault Services Fund - 0389</b>			
<b>Appropriations (net after transfers)</b>	\$ 100	\$ 100	\$ 100
<b>Expenditures:</b>			
Community Health	24	70	24
<b>Total Expenditures</b>	24	70	24
<b>Lapsed Balances</b>	\$ 76	\$ 30	\$ 76
<b>Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394:</b>			
<b>Appropriations (net after transfers)</b>	\$ 3,500	\$ 3,500	\$ -
<b>Expenditures:</b>			
Community Youth Services	1,559	\$ 1,637	-
<b>Total Expenditures</b>	1,559	1,637	-
<b>Lapsed Balances</b>	\$ 1,941	\$ 1,863	\$ -
<b>DHS Special Purposes Trust Fund - 0408:</b>			
<b>Appropriations (net after transfers)</b>	\$ 282,792	\$ 194,493	\$ 204,328
<b>Expenditures:</b>			
Administrative and Program Support	499	502	507
Disability Determination Services Bureau	547	586	516
Employment and Social Service Program	154,386	153,459	152,820
Community Health	8,571	7,570	8,263
Community Youth Services	3,616	3,651	3,663
Federal Stimulus - ARRA	1,718	-	-
<b>Total Expenditures</b>	169,337	165,768	165,769
<b>Lapsed Balances</b>	\$ 113,455	\$ 28,725	\$ 38,559
<b>Old Age Survivors Insurance Fund - 0495:</b>			
<b>Appropriations (net after transfers)</b>	\$ 84,479	\$ 82,676	\$ 80,431
<b>Expenditures:</b>			
Administrative and Program Support	2,515	2,474	2,745
Disability Determination Services Bureau	62,829	61,217	56,688
<b>Total Expenditures</b>	65,344	63,691	59,433
<b>Lapsed Balances</b>	\$ 19,135	\$ 18,985	\$ 20,998

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FISCAL YEARS ENDED JUNE 30, 2009, 2008 AND 2007  
(expressed in thousands)

	2009	2008	2007
<b>Early Intervention Services Revolving Fund - 0502:</b>			
<b>Appropriations (net after transfers)</b>	\$ 160,412	\$ 135,291	\$ 135,281
<b>Expenditures:</b>			
Administrative and Program Support	384	346	275
Community Youth Services	145,573	134,438	127,625
<b>Total Expenditures</b>	145,957	134,784	127,900
<b>Lapsed Balances</b>	\$ 14,455	\$ 507	\$ 7,381
<b>Domestic Violence Abuser Services Fund - 0528:</b>			
<b>Appropriations (net after transfers)</b>	\$ 100	\$ 100	\$ 100
<b>Expenditures:</b>			
Community Health	-	25	18
<b>Total Expenditures</b>	-	25	18
<b>Lapsed Balances</b>	\$ 100	\$ 75	\$ 82
<b>DHS Federal Projects Fund - 0592:</b>			
<b>Appropriations (net after transfers)</b>	\$ 45,524	\$ 45,389	\$ 42,307
<b>Expenditures:</b>			
Administrative and Program Support	58	300	-
Mental Health Grants-in-aid and Purchase of Care	4,800	6,600	6,756
Disability/Behavioral Health Program Administration	1,355	2,069	1,775
Community Health	10,697	12,148	11,671
<b>Total Expenditures</b>	16,910	21,117	20,202
<b>Lapsed Balances</b>	\$ 28,614	\$ 24,272	\$ 22,105
<b>Multiple Sclerosis Assistance Fund - 0604:</b>			
<b>Appropriations (net after transfers)</b>	\$ 300	\$ 300	\$ 300
<b>Expenditures:</b>			
Rehabilitation Service Bureaus	19	97	152
<b>Total Expenditures</b>	19	97	152
<b>Lapsed Balances</b>	\$ 281	\$ 203	\$ 148
<b>State Projects Fund - 0642:</b>			
<b>Appropriations (net after transfers)</b>	\$ 5,729	\$ 2,729	\$ 2,729
<b>Expenditures:</b>			
Community Health	1,884	1,803	1,776
<b>Total Expenditures</b>	1,884	1,803	1,776
<b>Lapsed Balances</b>	\$ 3,845	\$ 926	\$ 953

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FISCAL YEARS ENDED JUNE 30, 2009, 2008 AND 2007  
(expressed in thousands)

	2009	2008	2007
<b>Alcoholism and Substance Abuse Fund - 0646:</b>			
<b>Appropriations (net after transfers)</b>	\$ 28,112	\$ 28,112	\$ 28,112
<b>Expenditures:</b>			
Addiction Prevention	4,761	4,878	3,145
Addiction Treatment	8,157	6,729	15,476
<b>Total Expenditures</b>	12,918	11,607	18,621
<b>Lapsed Balances</b>	\$ 15,194	\$ 16,505	\$ 9,491
<b>FY09 Budget Relief Fund - 0678:</b>			
<b>Appropriations (net after transfers)</b>	\$ 96,252	\$ -	\$ -
<b>Expenditures:</b>			
Administrative and Program Support	3,461	-	-
Mental Health Grants-in-aid and Purchase of Care	4,711	-	-
Developmental Disabilities Grants-in-aid and Purchase of Care	29,184	-	-
Addiction Treatment	55,097	-	-
Employment and Social Service Program	1,891	-	-
Community Health	1,415	-	-
Community Youth Services	264	-	-
<b>Total Expenditures</b>	96,023	-	-
<b>Lapsed Balances</b>	\$ 229	\$ -	\$ -
<b>DHS Private Resources Fund - 0690:</b>			
<b>Appropriations (net after transfers)</b>	\$ 150	\$ 150	\$ 150
<b>Expenditures:</b>			
Administrative and Program Support	-	5	-
<b>Total Expenditures</b>	-	5	-
<b>Lapsed Balances</b>	\$ 150	\$ 145	\$ 150
<b>U.S.D.A. Woman, Infants and Children Fund - 0700:</b>			
<b>Appropriations (net after transfers)</b>	\$ 349,419	\$ 294,405	\$ 279,346
<b>Expenditures:</b>			
Administrative and Program Support	341	325	354
Management Information Service	391	424	663
Community Health	303,582	283,784	259,692
Federal Stimulus - ARRA	421	-	-
<b>Total Expenditures</b>	304,735	284,533	260,709
<b>Lapsed Balances</b>	\$ 44,684	\$ 9,872	\$ 18,637
<b>Community Mental Health Medicaid Trust Fund - 0718:</b>			
<b>Appropriations (net after transfers)</b>	\$ 105,690	\$ 105,690	\$ 95,690
<b>Expenditures:</b>			
Mental Health Grants-in-aid and Purchase of Care	78,475	82,241	84,204
<b>Total Expenditures</b>	78,475	82,241	84,204
<b>Lapsed Balances</b>	\$ 27,215	\$ 23,449	\$ 11,486

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FISCAL YEARS ENDED JUNE 30, 2009, 2008 AND 2007  
(expressed in thousands)

	2009	2008	2007
<b>Tobacco Settlement Recovery Fund - 0733:</b>			
<b>Appropriations (net after transfers)</b>	\$ 2,369	\$ 2,369	\$ 2,750
<b>Expenditures:</b>			
Community Health	2,369	2,369	2,712
<b>Total Expenditures</b>	2,369	2,369	2,712
<b>Lapsed Balances</b>	\$ -	\$ -	\$ 38
<b>Local Initiative Fund - 0762:</b>			
<b>Appropriations (net after transfers)</b>	\$ 22,453	\$ 22,453	\$ 22,430
<b>Expenditures:</b>			
Administrative and Program Support	107	106	102
Employment and Social Service Program	20,195	20,058	20,724
<b>Total Expenditures</b>	20,302	20,164	20,826
<b>Lapsed Balances</b>	\$ 2,151	\$ 2,289	\$ 1,604
<b>Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:</b>			
<b>Appropriations (net after transfers)</b>	\$ 1,350	\$ 1,350	\$ 1,350
<b>Expenditures:</b>			
DHS Administration	608	625	588
<b>Total Expenditures</b>	608	625	588
<b>Lapsed Balances</b>	\$ 742	\$ 725	\$ 762
<b>Domestic Violence Shelter and Service Fund - 0865:</b>			
<b>Appropriations (net after transfers)</b>	\$ 1,016	\$ 1,016	\$ 1,005
<b>Expenditures:</b>			
Administrative and Program Support	26	25	53
Community Health	407	801	671
<b>Total Expenditures</b>	433	826	724
<b>Lapsed Balances</b>	\$ 583	\$ 190	\$ 281
<b>Maternal and Child Health Services Block Grant Fund - 0872:</b>			
<b>Appropriations (net after transfers)</b>	\$ 28,321	\$ 28,240	\$ 28,230
<b>Expenditures:</b>			
Administrative and Program Support	14	-	-
Management Information Service	241	244	224
Community Health	20,056	20,413	19,861
<b>Total Expenditures</b>	20,311	20,657	20,085
<b>Lapsed Balances</b>	\$ 8,010	\$ 7,583	\$ 8,145
<b>Preventive Health and Health Services Block Grant Fund - 0873:</b>			
<b>Appropriations (net after transfers)</b>	\$ 1,555	\$ 1,555	\$ 1,555
<b>Expenditures:</b>			
Community Health	-	258	304
<b>Total Expenditures</b>	-	258	304
<b>Lapsed Balances</b>	\$ 1,555	\$ 1,297	\$ 1,251

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FISCAL YEARS ENDED JUNE 30, 2009, 2008 AND 2007  
(expressed in thousands)

	2009	2008	2007
<b>Community Mental Health Services Block Grant Fund - 0876:</b>			
<b>Appropriations (net after transfers)</b>	\$ 18,667	\$ 18,627	\$ 18,550
<b>Expenditures:</b>			
Administrative and Program Support	67	68	65
Mental Health Grants-in-aid and Purchase of Care	15,900	16,007	16,076
<b>Total Expenditures</b>	15,967	16,075	16,141
<b>Lapsed Balances</b>	\$ 2,700	\$ 2,552	\$ 2,409
<b>Youth Drug Abuse Prevention Fund - 0910:</b>			
<b>Appropriations (net after transfers)</b>	\$ 560	\$ 560	\$ 560
<b>Expenditures:</b>			
Addiction Treatment	530	430	430
<b>Total Expenditures</b>	530	430	430
<b>Lapsed Balances</b>	\$ 30	\$ 130	\$ 130
<b>Juvenile Justice Trust Fund - 0911:</b>			
<b>Appropriations (net after transfers)</b>	\$ 13,447	\$ 13,442	\$ 13,440
<b>Expenditures:</b>			
Administrative and Program Support	15	10	7
Juvenile Justice Program	1,664	1,551	2,554
<b>Total Expenditures</b>	1,679	1,561	2,561
<b>Lapsed Balances</b>	\$ 11,768	\$ 11,881	\$ 10,879
<b>DHS Recoveries Trust Fund - 0921:</b>			
<b>Appropriations (net after transfers)</b>	\$ 7,585	\$ 6,600	\$ 5,893
<b>Expenditures:</b>			
Administrative and Program Support	423	908	4,204
Shared Services	4,892	3,560	-
<b>Total Expenditures</b>	5,315	4,468	4,204
<b>Lapsed Balances</b>	\$ 2,270	\$ 2,132	\$ 1,689
<b>All Appropriated Funds</b>			
<b>Total Appropriations (net after transfers)</b>	\$ 5,345,581	\$ 4,949,757	\$ 4,802,071
<b>Total Expenditures</b>	4,752,677	4,558,912	4,356,988
<b>Total Lapsed Balances</b>	576,559	370,942	434,039
<b>Total Balances Reappropriated</b>	\$ 16,345	\$ 19,903	\$ 11,044

(Continued)



STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES - CENTRAL OFFICE  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FISCAL YEARS ENDED JUNE 30, 2009, 2008 AND 2007  
(expressed in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Non-Appropriated Funds</b>			
<b>Vocational Rehabilitation Fund - 0081:</b>			
<b>Expenditures:</b>			
Administrative and Program Support	\$ -	\$ 501	\$ 91
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ 501</u>	<u>\$ 91</u>
<b>Hansen-Therkelsen Memorial Deaf Student College Fund - 0123:</b>			
<b>Expenditures:</b>			
School For The Deaf	\$ -	\$ -	\$ 3
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3</u>
<b>DHS Special Purposes Trust Fund - 0408:</b>			
<b>Expenditures:</b>			
Employment and Social Service Program	\$ 8,825	\$ 8,470	\$ 8,085
<b>Total Expenditures</b>	<u>\$ 8,825</u>	<u>\$ 8,470</u>	<u>\$ 8,085</u>
<b>Electronic Benefits Transfers Fund - 0540:</b>			
<b>Expenditures:</b>			
Distributive Items	\$ 129,471	\$ 121,946	\$ 147,135
<b>Total Expenditures</b>	<u>\$ 129,471</u>	<u>\$ 121,946</u>	<u>\$ 147,135</u>
<b>DHS Federal Projects Fund - 0592:</b>			
<b>Expenditures:</b>			
Administrative and Program Support	\$ 615	\$ -	\$ -
<b>Total Expenditures</b>	<u>\$ 615</u>	<u>\$ -</u>	<u>\$ -</u>
<b>State Projects Fund - 0642:</b>			
<b>Expenditures:</b>			
Rehabilitation Service Bureaus	\$ -	\$ 1,515	\$ 491
Community Health	-	60	-
Legislative Initiatives	283	492	-
<b>Total Expenditures</b>	<u>\$ 283</u>	<u>\$ 2,067</u>	<u>\$ 491</u>
<b>DHS Private Resources Fund - 0690:</b>			
<b>Expenditures:</b>			
Administrative and Program Support	\$ 99	\$ 40	\$ 1
Mental Health Grants-in-aid and Purchase of Care	130	111	94
Disability/Behavioral Health Program Administration	33	14	22
Community Health	645	486	22
<b>Total Expenditures</b>	<u>\$ 907</u>	<u>\$ 651</u>	<u>\$ 139</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, 2009, 2008 AND 2007  
(expressed in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>DHS Recoveries Trust Fund - 0921:</b>			
<b>Expenditures:</b>			
Distributive Items	\$ 5,076	\$ 5,311	\$ 5,139
<b>Total Expenditures</b>	<u>\$ 5,076</u>	<u>\$ 5,311</u>	<u>\$ 5,139</u>
<b>All Non-Appropriated Funds</b>			
<b>Total Expenditures</b>	<u>\$ 145,177</u>	<u>\$ 138,946</u>	<u>\$ 161,083</u>
<b>All Funds</b>			
<b>Total Appropriations (net after transfers)</b>	\$ 5,345,581	\$ 4,949,757	\$ 4,802,071
<b>Total Expenditures</b>	4,897,854	4,697,858	4,518,071
<b>Total Lapsed Balances</b>	576,559	370,942	434,039
<b>Total Balances Reappropriated</b>	16,345	19,903	11,044
<b>State Officers' Salaries</b>			
<b>Expenditures</b>			
Secretary	\$ 150	\$ 145	\$ 134
Assistant Secretaries	231	246	216
<b>Total Expenditures</b>	<u>\$ 381</u>	<u>\$ 391</u>	<u>\$ 350</u>

(Concluded)

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 EXPENDITURES**  
**BY MAJOR OBJECT CODE**  
**FISCAL YEARS ENDED JUNE 30, 2009, 2008 AND 2007**  
(expressed in thousands)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenditures:</b>			
Personal Services	\$ 297,060	\$ 301,286	\$ 296,827
Employee Retirement - Contributions Paid by Employer	1	2	2
Retirement	62,561	49,902	34,208
State Contributions for Social Security	21,880	22,184	21,848
Employer Contributions for Group Insurance	15,810	16,565	16,109
Contractual Services	121,622	121,778	120,649
Travel	3,119	3,254	3,564
Commodities	23,113	21,898	23,509
Printing	1,652	1,579	1,546
Equipment	380	974	2,140
EDP	2,334	2,450	2,559
Telecommunications	8,645	9,354	10,165
Operation of Automotive Equipment	260	331	364
Lump Sums and Other Purposes	15,921	10,218	6,253
Lump Sum Operations	44,349	39,409	14,047
Interfund Cash Transfers	3,479	3,479	3,480
Awards and Grants	1,717,288	1,748,889	1,781,250
Tort, Settlements and Similar Payments - Nontaxable	174	317	283
Funeral and Burial Expenses, Payments to Vendors	12,692	10,735	10,159
Medical Preparation and Food Supplies for Free Distribution	244,486	225,976	187,732
Grants to Other State Agencies	14,254	13,886	13,923
Awards and Grants, Lump Sums and Other Purposes	2,282,583	2,088,213	1,960,484
Permanent Improvements, Lump Sums and Other Purposes	739	835	1,837
Other Refunds	547	512	1,875
Refunds of Federal and Other Grants	2,905	3,832	3,258
<b>Total Expenditures</b>	<u>\$ 4,897,854</u>	<u>\$ 4,697,858</u>	<u>\$ 4,518,071</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 - CENTRAL OFFICE**  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
**Fiscal Years Ended June 30, 2009 and 2008**

<b>Net Beginning Balance, July 1, 2007</b>	\$ 92,517,015
Additions	5,170,075
Deletions	(1,238,877)
Net transfers-in (out)	<u>(3,670,529)</u>
<b>Ending Balance, June 30, 2008</b>	<u><u>\$ 92,777,684</u></u>
<b>Beginning Balance, July 1, 2008</b>	\$ 92,777,684
Additions	2,218,375
Deletions	(1,125,193)
Net transfers-in (out)	<u>(8,821,296)</u>
<b>Ending Balance, June 30, 2009</b>	<u><u>\$ 85,049,570</u></u>

Note: The information shown on the schedule only includes fixed assets for the Central Office. The property and equipment for the Centers, ORS Schools and the Treatment and Detention Facility were examined by and reported on by other auditors.

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FISCAL YEARS ENDED JUNE 30, 2009, 2008, AND 2007  
(expressed in thousands)

Schedule 8

	2009	2008	2007
<b>General Revenue Fund - 0001</b>			
Miscellaneous collections from facilities/General Office	\$ 151	\$ 255	\$ 352
Grantee income-program income, Emergency Revolving Fund interest, petty cash, and miscellaneous	942	629	558
Federal - U.S. Dept. of HHS - Refugee Entrants Program	3,248	2,621	2,354
Food stamps	107,593	94,444	87,985
Vocational Rehabilitation Fund	-	262	26
TANF	477,230	433,687	467,204
Non-medical	-	17	29
Original and renewal license fees	93	43	86
Chicago general assistance	3,096	7,846	7,653
Child Care Development Block Grant	62,068	83,528	60,082
Refugee Entrants Program	3	4	6
Indirect cost reimbursements	671	619	1,136
Total General Revenue Fund	<u>655,095</u>	<u>623,955</u>	<u>627,471</u>
<b>Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013</b>			
Federal - U.S. Dept. of Health and Human Services	64,029	78,463	57,527
Returned petty cash funds	-	-	1
Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	<u>64,029</u>	<u>78,463</u>	<u>57,528</u>
<b>Group Home Loan Revolving Fund - 0025</b>			
Loan repayment	<u>21</u>	<u>4</u>	<u>-</u>
<b>Illinois Veterans' Rehabilitation Fund - 0036</b>			
Vocational Rehabilitation Fund	<u>-</u>	<u>41</u>	<u>5</u>
<b>Mental Health Fund - 0050</b>			
Patient care reimbursements and miscellaneous collections	28,060	28,680	28,861
Other Illinois State agencies and local units	1,081	1,873	658
Other State agencies	1,301	39	5
Total Mental Health Fund	<u>30,442</u>	<u>30,592</u>	<u>29,524</u>
<b>Vocational Rehabilitation Fund - 0081</b>			
Randolph Sheppard vendors	150	186	174
Federal - U.S. Dept. of Education	97,875	104,095	90,052
Federal - U.S. Dept. of Health and Human Services	4,813	2,604	2,587
Grantee income - jury duty and recoveries, repayments due to law	126	14	11
Indirect cost reimbursements from federal government	4,818	5,869	4,312
Repayment due to final audits	88	320	548
Total Vocational Rehabilitation Fund	<u>107,870</u>	<u>113,088</u>	<u>97,684</u>
<b>Hansen-Therkelsen Memorial Deaf Student College Fund - 0123</b>			
Loan repayments	<u>8</u>	<u>9</u>	<u>10</u>
<b>DCFS Childrens' Services Fund - 0220</b>			
Federal - TANF grant	<u>51,600</u>	<u>68,800</u>	<u>68,800</u>
<b>Income Tax Refund Fund - 0278</b>			
Federal - TANF grant	<u>13,680</u>	<u>17,654</u>	<u>14,051</u>

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FISCAL YEARS ENDED JUNE 30, 2009, 2008, AND 2007  
(expressed in thousands)

Schedule 8

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Federal National Community Services Fund - 0343</b>			
Federal - U.S. Dept. of Health and Human Services	\$ -	\$ 406	\$ 1,465
National Community Services	6,987	6,652	5,374
Total Federal National Community Services Fund	<u>6,987</u>	<u>7,058</u>	<u>6,839</u>
<b>Employment and Training Fund - 0347</b>			
Federal - TANF grant	10,276	2,895	11,295
Mathematica Policy Research	-	-	9
Total Employment and Training Fund	<u>10,276</u>	<u>2,895</u>	<u>11,304</u>
<b>Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394</b>			
Federal - U.S. Department of Education	<u>3,560</u>	<u>3,277</u>	<u>3,325</u>
<b>DHS Special Purposes Trust Fund - 0408</b>			
Federal - U.S. Dept. of Health and Human Services	194	149	217
Federal - U.S. Dept. of Agriculture - multiple grants	12,158	16,222	15,947
State Board of Education	-	-	100
Family violence	3,207	2,759	2,805
Refugee entrants	4,338	4,750	4,187
Child care	142,894	122,910	149,859
Migrant Head Start	2,768	2,592	2,825
Private organizations	-	-	3
Repayment pursuant to law	6	16	1
Total Special Purposes Trust Fund	<u>165,565</u>	<u>149,398</u>	<u>175,944</u>
<b>Public Assistance Recoveries Trust Fund - 0421</b>			
Recipient collections - excess assistance	<u>-</u>	<u>-</u>	<u>1</u>
<b>Old Age Survivors Insurance Fund - 0495</b>			
Federal - U.S. Dept. of Health and Human Services	<u>65,236</u>	<u>64,931</u>	<u>58,596</u>
<b>Early Intervention Services Revolving Fund - 0502</b>			
General Revenue Fund	63,500	73,623	61,041
State Board of Education	-	-	25
Federal - U.S. Department of Education	17,820	17,906	30,242
Parent fees	4,063	4,009	3,655
Miscellaneous	4	2	6
Other Illinois State agencies	45	86	32
Federal stimulus package	8,772	-	-
Total Early Intervention Services Revolving Fund	<u>94,204</u>	<u>95,626</u>	<u>95,001</u>
<b>Electronic Benefits Transfers Fund - 0540</b>			
AABD	26,691	27,574	27,005
TANF	85,168	83,019	111,596
Employability development services	2,206	2,422	2,521
General assistance	11,453	11,599	11,057
Refugee entrants	1,557	868	604
Employment and training	3,155	3,110	2,127
Total Electronic Benefits Transfer Fund	<u>130,230</u>	<u>128,592</u>	<u>154,910</u>

(Continued)

**STATE OF ILLINOIS**  
**DEPARTMENT OF HUMAN SERVICES**  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
**FISCAL YEARS ENDED JUNE 30, 2009, 2008, AND 2007**  
(expressed in thousands)

Schedule 8

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>DHS Federal Projects Fund - 0592</b>			
Federal - U.S. Dept. of Health and Human Services	\$ 14,921	\$ 18,543	\$ 18,421
Federal - U.S. Dept. of Justice	606	427	442
Federal - U.S. Dept. of Education	-	124	475
Federal - U.S. FEMA	79	-	-
Federal - Social Security Administration	515	497	800
Federal - U.S. Dept. of Housing and Urban Development	177	-	-
Federal monies via ICJIA	-	755	50
Federal indirect cost reimbursement	105	-	-
State Board of Education	65	81	29
Federal monies from other states	40	20	-
Total DHS Federal Projects Fund	<u>16,508</u>	<u>20,447</u>	<u>20,217</u>
<b>State Projects Fund - 0642</b>			
Illinois Department of Children and Family Services	1,369	1,351	1,351
Illinois Department of Healthcare and Family Services	501	539	297
Illinois Housing Development Authority	-	-	2,000
Other Illinois State Agency - DPH	58	44	-
Other Illinois State Agency - DCEO	80	-	-
Other Illinois State Agency - ISBE	38	50	-
Other Illinois State Agency - Aging	58	103	-
Medical Special Purpose Trust	280	285	209
Total State Projects Fund	<u>2,384</u>	<u>2,372</u>	<u>3,857</u>
<b>Alcoholism and Substance Abuse Fund - 0646</b>			
Federal - U.S. Dept. of Education	1,825	1,568	2,135
Federal - U.S. Dept. of Health and Human Services	11,293	9,441	18,561
Federal - U.S. Dept. of Justice	391	696	626
Federal Govt. Justice/Court Restitutions	5	151	-
Illinois Department of Revenue	21	20	20
Private organizations	326	135	135
Total Alcoholism and Substance Abuse Fund	<u>13,861</u>	<u>12,011</u>	<u>21,477</u>
<b>DHS Private Resources Fund - 0690</b>			
Private organizations	410	5,193	189
<b>U.S.D.A. Women, Infants and Children Fund - 0700</b>			
Federal - U.S. Dept. of Agriculture	224,978	208,567	200,290
WIC program income and fees	1	1	35
WIC program vendors	20	9	2
Federal stimulus package	421	-	-
Infant formula rebates	77,656	77,396	68,174
Total U.S.D.A. Women, Infants and Children Fund	<u>303,076</u>	<u>285,973</u>	<u>268,501</u>

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FISCAL YEARS ENDED JUNE 30, 2009, 2008, AND 2007  
(expressed in thousands)

Schedule 8

	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Rehabilitation Services Elementary and Secondary</b>			
<b>Education Act Fund - 0798</b>			
Federal - U.S. Dept. of Agriculture	\$ 69	\$ 108	\$ 148
Federal - U.S. Dept. of Education	285	258	409
Federal property sales/school districts	6	52	51
Private organizations or individuals	4	-	-
Natural Resources	1	-	-
State Board of Education	218	198	75
Total Rehabilitation Services Elementary and Secondary Education Act Fund	<u>583</u>	<u>616</u>	<u>683</u>
<b>Maternal and Child Health Services Block Grant Fund - 0872</b>			
Federal - U.S. Dept. of Health and Human Services Block Grant	<u>21,877</u>	<u>19,956</u>	<u>19,978</u>
<b>Preventive Health and Health Services Block Grant Fund - 0873</b>			
Federal - U.S. Dept. of Health and Human Services Block Grant	<u>258</u>	<u>230</u>	<u>491</u>
<b>Community Mental Health Services Block Grant Fund - 0876</b>			
Federal - U.S. Dept. of Health and Human Services Block Grant	<u>15,625</u>	<u>16,055</u>	<u>15,979</u>
<b>Youth Drug Abuse Prevention Fund - 0910</b>			
Fines, penalties and violations	<u>405</u>	<u>421</u>	<u>419</u>
<b>Juvenile Justice Trust Fund - 0911</b>			
Federal - U.S. Dept. of Justice	2,110	1,183	2,688
State offset claims	-	14	28
Total Juvenile Justice Trust Fund	<u>2,110</u>	<u>1,197</u>	<u>2,716</u>
<b>DHS Recoveries Trust Fund - 0921</b>			
IRS collections non-public assistance clients	3,808	3,957	2,861
Earnfare employment/training	3	7	10
Recipient collection - administrative support	662	638	613
Recipient collection - excess assistance	4,301	4,203	4,842
Recipient collection - food stamp	1,947	1,645	1,522
Non-medical	831	788	635
State offset claim	2	8	-
SSI Interim Assistance	2,079	2,236	2,253
Total Public Assistance Recoveries Trust Fund	<u>13,633</u>	<u>13,482</u>	<u>12,736</u>
<b>Social Services Block Grant Fund - 0935</b>			
Federal - U.S. Dept. of Health and Human Services Title XX Block Grant	74,231	74,391	76,949
TANF	32,271	62,021	23,706
Total Social Services Block Grant Fund	<u>106,502</u>	<u>136,412</u>	<u>100,655</u>
<b>TOTAL RECEIPTS PER DEPARTMENT RECORDS</b>	<u>\$ 1,896,035</u>	<u>\$ 1,898,748</u>	<u>\$ 1,868,891</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, 2009 and 2008**  
**(expressed in thousands)**

	Fund 0001 General Revenue Fund	Fund 0013 Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	Fund 0025 Group Home Loan Revolving Fund	Fund 0036 Illinois Veterans' Rehabilitation Fund	Fund 0050 Mental Health Fund
TOTAL 2009 RECEIPTS PER DEPARTMENT RECORDS	\$ 655,095	\$ 64,029	\$ 21	\$ -	\$ 30,442
Deposits in transit, beginning of period	14	-	-	-	1,375
Deposits in transit, end of period	(17,218)	-	(2)	-	(1,423)
Adjustments to be made to Department records - miscellaneous	(30)	-	-	-	13,097
TOTAL 2009 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 637,861</u>	<u>\$ 64,029</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 43,491</u>
TOTAL 2008 RECEIPTS PER DEPARTMENT RECORDS	\$ 623,955	\$ 78,463	\$ 4	\$ 41	\$ 30,592
Deposits in transit, beginning of period	52	-	-	5	1,870
Deposits in transit, end of period	(14)	-	-	-	(1,375)
Adjustments to be made to Department records - miscellaneous	514	-	-	-	17,752
TOTAL 2008 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 624,507</u>	<u>\$ 78,463</u>	<u>\$ 4</u>	<u>\$ 46</u>	<u>\$ 48,839</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, 2009 and 2008**  
**(expressed in thousands)**

	Fund 0081 Vocational Rehabilitation Fund	Fund 0123 Hansen- Therkelson Memorial Deaf Student College Fund	Fund 0220 DCFS Childrens' Services Fund	Fund 0278 Income Tax Refund Fund	Fund 0343 Federal National Community Services Fund
TOTAL 2009 RECEIPTS PER DEPARTMENT RECORDS	\$ 107,870	\$ 8	\$ 51,600	\$ 13,680	\$ 6,987
Deposits in transit, beginning of period	58	-	-	-	-
Deposits in transit, end of period	21	-	-	-	-
Adjustments to be made to Department records - miscellaneous	593	-	17,200	-	-
TOTAL 2009 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 108,542</u>	<u>\$ 8</u>	<u>\$ 68,800</u>	<u>\$ 13,680</u>	<u>\$ 6,987</u>
TOTAL 2008 RECEIPTS PER DEPARTMENT RECORDS	\$ 113,088	\$ 9	\$ 68,800	\$ 17,654	\$ 7,058
Deposits in transit, beginning of period	33	-	-	-	-
Deposits in transit, end of period	(58)	-	-	-	-
Adjustments to be made to Department records - miscellaneous	(23)	-	-	-	-
TOTAL 2008 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 113,040</u>	<u>\$ 9</u>	<u>\$ 68,800</u>	<u>\$ 17,654</u>	<u>\$ 7,058</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, 2009 and 2008**  
**(expressed in thousands)**

	Fund 0347 Employment and Training Fund	Fund 0394 Gaining Early Awareness and Readiness for Undergraduate Programs Fund	Fund 0408 DHS Special Purposes Trust Fund	Fund 0495 Old Age Survivors Insurance Fund	Fund 0502 Early Intervention Services Revolving Fund
TOTAL 2009 RECEIPTS PER DEPARTMENT RECORDS	\$ 10,276	\$ 3,560	\$ 165,565	\$ 65,236	\$ 94,204
Deposits in transit, beginning of period	-	-	-	-	1
Deposits in transit, end of period	-	-	(1)	-	-
Adjustments to be made to Department records - miscellaneous	-	-	958	-	206
TOTAL 2009 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 10,276</u>	<u>\$ 3,560</u>	<u>\$ 166,522</u>	<u>\$ 65,236</u>	<u>\$ 94,411</u>
TOTAL 2008 RECEIPTS PER DEPARTMENT RECORDS	\$ 2,895	\$ 3,277	\$ 149,398	\$ 64,931	\$ 95,626
Deposits in transit, beginning of period	-	-	-	-	1
Deposits in transit, end of period	-	-	-	-	(1)
Adjustments to be made to Department records - miscellaneous	-	-	(500)	-	450
TOTAL 2008 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 2,895</u>	<u>\$ 3,277</u>	<u>\$ 148,898</u>	<u>\$ 64,931</u>	<u>\$ 96,076</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, 2009 and 2008**  
**(expressed in thousands)**

	Fund 0540 Electronic Benefits Transfers Fund	Fund 0592 DHS Federal Projects Fund	Fund 0642 State Projects Fund	Fund 0646 Alcoholism and Substance Abuse Fund	Fund 0690 DHS Private Resources Fund
TOTAL 2009 RECEIPTS PER DEPARTMENT RECORDS	\$ 130,230	\$ 16,508	\$ 2,384	\$ 13,861	\$ 410
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	(7,405)	-	-	-	-
Adjustments to be made to Department records - miscellaneous	6,646	6	-	-	-
TOTAL 2009 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 129,471</u>	<u>\$ 16,514</u>	<u>\$ 2,384</u>	<u>\$ 13,861</u>	<u>\$ 410</u>
TOTAL 2008 RECEIPTS PER DEPARTMENT RECORDS	\$ 128,592	\$ 20,447	\$ 2,372	\$ 12,011	\$ 5,193
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	(6,646)	27	-	-	-
TOTAL 2008 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 121,946</u>	<u>\$ 20,474</u>	<u>\$ 2,372</u>	<u>\$ 12,011</u>	<u>\$ 5,193</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, 2009 and 2008**  
**(expressed in thousands)**

	Fund 0700 U.S.D.A. Women, Infants and Children Fund	Fund 0798 Rehabilitation Services Elementary and Secondary Education Act Fund	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
TOTAL 2009 RECEIPTS PER DEPARTMENT RECORDS	\$ 303,076	\$ 583	\$ 21,877	\$ 258	\$ 15,625
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2009 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 303,076</u>	<u>\$ 583</u>	<u>\$ 21,877</u>	<u>\$ 258</u>	<u>\$ 15,625</u>
TOTAL 2008 RECEIPTS PER DEPARTMENT RECORDS	\$ 285,973	\$ 616	\$ 19,956	\$ 230	\$ 16,055
Deposits in transit, beginning of period	-	45	1	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	(1)	-	-
TOTAL 2008 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 285,973</u>	<u>\$ 661</u>	<u>\$ 19,956</u>	<u>\$ 230</u>	<u>\$ 16,055</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, 2009 and 2008**  
**(expressed in thousands)**

	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 2009 RECEIPTS PER DEPARTMENT RECORDS	\$ 405	\$ 2,110	\$ 13,633	\$ 106,502	\$ 1,896,035
Deposits in transit, beginning of period	5	-	295	-	1,748
Deposits in transit, end of period	(11)	-	(333)	-	(26,372)
Adjustments to be made to Department records - miscellaneous	-	-	72	-	38,748
TOTAL 2009 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 399</u>	<u>\$ 2,110</u>	<u>\$ 13,667</u>	<u>\$ 106,502</u>	<u>\$ 1,910,159</u>
TOTAL 2008 RECEIPTS PER DEPARTMENT RECORDS	\$ 421	\$ 1,197	\$ 13,482	\$ 136,412	\$ 1,898,748
Deposits in transit, beginning of period	2	-	258	-	2,267
Deposits in transit, end of period	(5)	-	(295)	-	(1,748)
Adjustments to be made to Department records - miscellaneous	-	-	101	-	11,674
TOTAL 2008 DEPOSITS RECORDED BY STATE COMPTROLLER	<u>\$ 418</u>	<u>\$ 1,197</u>	<u>\$ 13,546</u>	<u>\$ 136,412</u>	<u>\$ 1,910,941</u>

(Concluded)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**COMPLIANCE EXAMINATION - CENTRAL OFFICE**

**NOTES ON FINANCIAL RELATED DATA**

**For the Years Ended June 30, 2009 and 2008**

**Introduction**

The following comments relate to the operations of the Illinois Department of Human Services - Central Office for the years ended June 30, 2009 and 2008. The scope of our engagement includes a financial audit of the entire Illinois Department of Human Services for the year ended June 30, 2009 and for the year ended June 30, 2008 (issued under separate cover), 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, 2009, and 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, 2009. 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, 2009.

The following depicts the organizational structure of the Department as a whole at June 30, 2009:

Administration (Central Office):  
Community Relations  
Grants  
Hispanic/Latino Affairs  
Inspector General  
Legal Counsel  
Legislation  
Security and Emergency Preparedness  
Strategic Planning  
Budgets  
Business Services  
Clinical, Administrative and Program Support  
Compliance Workplace Safety  
Contract Administration  
Fiscal Services  
Human Resources  
Management Information Services  
Procurement

Community Health and Prevention:  
Office of Family Health  
Office of Prevention

Human Capital Development:  
Office of Family Support Services

Mental Health and Developmental Disabilities Services:  
Division of Developmental Disabilities  
Division of Mental Health

Division of Alcohol 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.

### **Analysis 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, 2009 and 2008. 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).

#### **2007 to 2008**

##### **General Revenue Fund - 0001**

Administration and Program Support expenditures decreased by \$16,137 or 18% from fiscal year 2007 to 2008. The decrease in spending is due to the creation of the Shared Services appropriation. The cost for staff and other administrative expenditures were transferred to the Shared Services appropriation line for fiscal year 2008.

Shared Services expenditures increased \$12,767 or 100% from fiscal year 2007 to 2008. This increase is due to the creation of the program in fiscal year 2008 which resulted in a new appropriation line to support the costs for staff and other line items for the program.

Legislative initiatives expenditures increased \$8,352 or 100% from fiscal year 2007 to 2008. This increase was due to the creation of a new division for legislative add-on appropriations in fiscal year 2008.



### **Community DD Services Medicaid Trust Fund - 0142**

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased by \$2,957 or 59% from fiscal year 2007 to 2008. This increase is due to increased appropriation authority to support community placements for persons with developmental disabilities.

### **Employment and Training Fund - 0347**

Employment and Social Service Program expenditures decreased by \$7,074 or 70% from fiscal year 2007 to 2008. This decrease is due to a funding shortage which resulted in only one month of TANF payments being made out of the Employment and Training Fund (0347).

### **Health and Human Services Medicaid Trust Fund – 0365**

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased \$7,344 or 100% from fiscal year 2007 to 2008. The fund was created in fiscal year 2007; however, there were no expenditures made from the fund until fiscal year 2008.

### **Electronic Benefits Transfers Fund – 0540**

Distributive Items expenditures decreased \$25,189 or 17% from fiscal year 2007 to 2008. This decrease is attributable to a decline in the TANF caseload which resulted in decreased expenditures.

### **Alcoholism and Substance Abuse Fund - 0646**

Addiction Treatment expenditures decreased by \$8,747 or 57% from fiscal year 2007 to 2008. This decrease in spending is due to several grants that ended in fiscal year 2007 resulting in less expenditures in fiscal year 2008.

### **DHS Recoveries Trust Fund – 0921**

Administrative and Program Support decreased \$3,296 or 78% from fiscal year 2007 to 2008. This decrease is primarily due to the transfer of the cost for staff and other line items to the appropriation created for the Shared Services program.

Shared Services expenditures increased \$3,560 or 100% from fiscal year 2007 to 2008. This increase is due to the creation of the program in fiscal year 2008 which resulted in a new appropriation line to support the costs for staff and other line items for the program.

### **2008 to 2009**

#### **General Revenue Fund – 0001**

Addiction Treatment expenditures decreased by \$55,049 or 33% from fiscal year 2008 to 2009. This decrease is caused by a reduction of the General Revenue Fund appropriation for addiction treatment by 50% between fiscal year 2008 to 2009.

Legislative Initiatives expenditures decreased by \$6,569 or 79% from fiscal year 2008 to 2009. The decrease was caused by a reduction in appropriation authority of 72%.

#### **Mental Health Fund – 0050**

Disability/Behavioral Health Program Administration expenditures increased by \$3,163 or 70% from fiscal year 2008 to 2009. This increase is due to an increase in appropriation authority of 93% in fiscal year 2009.

#### **Community DD Services Medicaid Trust Fund - 0142**

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased by \$5,775 or 73% from fiscal year 2008 to 2009. This increase is due to an increase in appropriation authority of 66% in fiscal year 2009.

#### **Illinois Affordable Housing Trust Fund - 0286**

Employment and Social Service Program expenditures decreased by \$7,679 or 70% from fiscal year 2008 to 2009. This decrease is caused by a lack of monies in the fund which resulted in expenditures for the line item being made out of the Employment and Training Fund (0347).

#### **Employment and Training Fund - 0347**

Employment and Social Service Program expenditures increased by \$9,259 or 312% from fiscal year 2008 to 2009. This increase is caused by a lack of monies in the Illinois Affordable Housing Trust Fund (0286) which results in payments being made for the line item from the Employment and Training Fund.

#### **Health and Human Services Medicaid Trust Fund – 0365**

Developmental Disabilities Grants-in-aid and Purchase of Care expenditures increased by \$21,200 or 289% from fiscal year 2008 to 2009. This increase is due to the introduction of new programs during fiscal year 2008 which were not fully operational until fiscal year 2009.

#### **FY09 Budget Relief Fund – 0678**

Expenditures for all divisions increased \$96,023 or 100% from fiscal year 2008 to 2009. This increase is due to the creation of the fund in fiscal year 2009 pursuant to the State Finance Act (30 ILCS 105/8.46). The fund was established to serve the purpose of relieving insufficient cash flow. State statute mandated the State Treasurer and State Comptroller transfer monies from designated funds in order to supplement a particular agency's monies. These divisions within the fund were appropriated for the Department pursuant to specific appropriation by the General Assembly.

## **Analysis of Significant Variations in Receipts**

A summary of cash receipts by fund by source is presented in Schedule 8, 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).

### **2007 to 2008**

#### **General Revenue Fund – 0001**

Childcare Development Block Grant receipts increased \$23,446 or 39% from fiscal year 2007 to 2008. This is due to an increase of matched funds being deposited in this fund rather than the DHS Special Purposes Trust Fund - 0408.

#### **Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund – 0013**

Federal – U.S. Department of Health and Human Services receipts increased \$20,936 or 36% from fiscal year 2007 to 2008. This is due to the timing of the sub-grantee payments. Monies are not drawn into the fund until it is needed to make payments to sub-grantees.

#### **Mental Health Fund – 0050**

Other Illinois State agencies and local units' receipts increased \$1,215 or 185% from fiscal year 2007 to 2008. This is due to an increase in services charged to other agencies through the intergovernmental agreements for printing and mail services.

#### **Vocational Rehabilitation Fund – 0081**

Federal – U.S. Department of Education receipts increased \$14,043 or 16% from fiscal year 2007 to 2008. This is caused by an increase in spending from two open grants compared to the prior year.

Indirect cost reimbursements from the federal government increased \$1,557 or 36% from fiscal year 2007 to 2008. This is due to the indirect costs vouchered for the final quarter for fiscal year 2007 not being completed until the next fiscal year. Thus, there are five quarters of indirect cost reimbursements in fiscal year 2008.

#### **Income Tax Refund Fund – 0278**

Federal – TANF grant receipts increased \$3,603 or 26% from fiscal year 2007 to 2008. This is due to timing of receipts and yearly differences in the number of persons eligible for the Earned Income Tax Credit. Additionally, fiscal year 2009 includes a negative adjustment to reflect a tax form change by the Federal government which related to fiscal year 2008.

### **Federal National Community Services Fund – 0343**

Federal – U.S. Department of Health and Human Services (USDHHS) receipts decreased \$1,059 or 72% from fiscal year 2007 to 2008. This is due to all funds now being administered through National Community Services instead of USDHHS.

National Community Services receipts increased \$1,278 or 24% from fiscal year 2007 to 2008. This is due to all funds now being administered through National Community Services instead of USDHHS. The total amount received in this fund only shows a 3% change overall.

### **Employment and Training Fund – 0347**

Federal-TANF grant receipts decreased \$8,400 or 74% from fiscal year 2007 to 2008. This is due to no cash assistance payments being made in 2008; however, 2007 included a draw for \$7.3 million for TANF cash assistance payments.

### **DHS Special Purposes Trust Fund – 0408**

Child care receipts decreased \$26,949 or 18% from fiscal year 2007 to 2008. This is due to more Childcare Development Fund expenditures being made out of the General Revenue Fund instead of this fund.

### **Old Age Survivors Fund – 0495**

Federal – U.S. Department of Health and Human Services receipts increased \$6,335 or 11% from fiscal year 2007 to 2008. This is due to an increase in federal funds provided for an increase in pay rates of 3.3% in July and January. Additionally, there was an increase in the retirement rate from 11.525% to 16.561%.

### **Early Intervention Services Revolving Fund – 0502**

General Revenue Fund receipts increased \$12,582 or 21% from fiscal year 2007 to 2008. This is due to an increase in appropriation authority for fiscal year 2009 that was transferred during fiscal year 2008. The fiscal year 2009 appropriation was not liquidated until lapse period.

Federal – U.S. Department of Education receipts decreased \$12,336 or 41% from fiscal year 2007 to 2008. The decrease is due to re-examining the claiming process and the timing of when Part C funds are drawn down.

### **Electronic Benefits Transfers Fund – 0540**

TANF receipts decreased \$28,577 or 26% from fiscal year 2007 to 2008. This is due to fluctuations in caseload levels. The average monthly TANF cases for fiscal year 2007 and 2008 were 32,669 and 26,419, respectively.

### **State Projects Fund – 0642**

Illinois Housing Development Authority receipts decreased \$2,000 or 100% from fiscal year 2007 to 2008. The decrease is due to a \$2,000 award received by the Division of Rehabilitation Services from the Illinois Housing Development Authority in fiscal year 2007 that was not renewed for fiscal year 2008.

### **Alcoholism and Substance Abuse Fund – 0646**

Federal – U.S. Department of Health and Human Services receipts decreased \$9,120 or 49% from fiscal year 2007 to 2008. The decrease is due to the Illinois Access to Recovery Grant ending on September 27, 2007. It was a three-year grant award totaling approximately \$7,500 per year.

### **DHS Private Resources Fund – 0690**

Private organizations receipts increased \$5,004 or 2,648% from fiscal year 2007 to 2008. The increase is due to a \$5 million diabetes settlement check deposited August 31, 2007 from Pfizer Labs.

### **U.S.D.A. Women, Infants and Children Fund – 0700**

Infant formula rebate receipts increased \$9,222 or 14% from fiscal year 2007 to 2008. The increase is due to the cost of formula increasing and additional people signing up for the program.

### **Juvenile Justice Trust Fund – 0911**

Federal – U.S. Department of Justice receipts decreased \$1,505 or 56% from fiscal year 2007 to 2008. This is a result of fewer grants in Fund 0911 and also reduced grant awards.

### **DHS Recoveries Trust Fund – 0921**

IRS collections non-public assistance clients increased \$1,096 or 38% from fiscal year 2007 to 2008. This is due to additional stimulus payments received as a result of policies from the former presidential administration, the Economic Stimulus Act of 2008.

### **Social Services Block Grant Fund – 0935**

TANF receipts increased \$38,315 or 162% from fiscal year 2007 to 2008. This is due to the timing of draws for the Social Services Block Grant (SSBG) transfer. Most of the federal fiscal year 2007 transfers were drawn in State fiscal year 2008. Most of the fiscal year 2008 draws were done in the same fiscal year and the 2008 transfer was \$1.9 million higher.

## **2008 to 2009**

### **General Revenue Fund – 0001**

Food stamps receipts increased \$13,149 or 14% from fiscal year 2008 to 2009. This is a result of an increase in the number of households and individuals enrolled in the program.

TANF receipts increased \$43,543 or 10% from fiscal year 2008 to 2009. This is a result of an increase in claimable spending for TANF-eligible programs.

Chicago general assistance receipts decreased \$4,750 or 61% from fiscal year 2008 to 2009 due to legislation (305 ILCS 5/12-3) decreasing funds by \$5,000 a year until it no longer provides any funds for public aid purposes under Article VI of the Illinois Public Aid Code.

Child Care Development Block Grant receipts decreased \$21,460 or 26% from fiscal year 2008 to 2009. The decrease is due to more expenditures being made from the DHS Special Purposes Trust Fund – 0408.

### **Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund – 0013**

Federal – U.S. Department of Health and Human Services receipts decreased \$14,434 or 18% from fiscal year 2008 to 2009. This is due to the timing of the sub-grantee payments. Money is not drawn into the fund until it is needed.

### **Mental Health Fund – 0050**

Other State agencies receipts increased \$1,262 or 3,236% from fiscal year 2008 to 2009. This is due to the increase in the rates charged for MIS services to other state agencies.

### **Vocational Rehabilitation Fund – 0081**

Federal – U.S. Department of Health and Human Services receipts increased \$2,209 or 85% from fiscal year 2008 to 2009. This is due to the timing of the sub-grantee payments. Money is not drawn into the fund until it is needed.

Indirect cost reimbursements from federal government decreased \$1,051 or 18% from fiscal year 2008 to 2009. This is due to expenditures being made out of the General Revenue Fund instead of this fund and fewer fund transfers.

### **DCFS Childrens' Services Fund – 0220**

Federal - TANF grant receipts decreased \$17,200 or 25% from fiscal year 2008 to 2009. This is a result of an advance receipt transfer to DCFS during 2008.

### **Income Tax Refund Fund - 0278**

Federal - TANF grant receipts decreased \$3,974 or 23% from fiscal year 2008 to 2009. This is due to timing of receipts and yearly differences in the number of persons eligible for the Earned Income Tax Credit. Additionally, fiscal year 2009 includes a negative adjustment to reflect a tax form change by the Federal government.

### **Employment and Training Fund – 0347**

Federal – TANF grant receipts increased \$7,381 or 255% from fiscal year 2008 to 2009. The increase was due to additional TANF-related spending which included Homeless Prevention, Job Placement, Work First Wages, and the Scholarship Program.

### **DHS Special Purposes Trust Fund – 0408**

Federal – U.S. Department of Agriculture – multiple grants receipts decreased \$4,064 or 25% from fiscal year 2008 to 2009. This is due to multiple issues including the loss of a tech grant for fiscal year 2009, the Emergency Food Assistance Program (TEFAP) decreased, and Food Stamp administration decreased \$2,500.

Child care receipts increased \$19,984 or 16% from fiscal year 2008 to 2009. This is due to the Childcare Development Fund expenditures being made out of this fund instead of the General Revenue Fund.

### **Early Intervention Services Revolving Fund – 0502**

General Revenue Fund receipts decreased \$10,123 or 14% from fiscal year 2008 to 2009. This is due to an increase in appropriation authority for fiscal year 2009 that was transferred during fiscal year 2008. The fiscal year 2009 appropriation was not liquidated until lapse period.

Federal stimulus package receipts increased \$8,772 or 100% from fiscal year 2008 to 2009. This is due to the American Recovery and Reinvestment Act of 2009 (ARRA) funding which became available during fiscal year 2009.

### **DHS Federal Projects Fund – 0592**

Federal – U.S. Department of Health and Human Services receipts decreased \$3,622 or 20% from fiscal year 2008 to 2009. This was a result of the System of Care Grant ending, a reduction in the McHenry County Care Grant of \$1,500, and Community Reintegration funding from Illinois Housing Development Authority (IHDA) ended.

### **Alcoholism and Substance Abuse Fund – 0646**

Federal – U.S. Department of Health and Human Services receipts increased \$1,852 or 20% from fiscal year 2008 to 2009. This is due to the timing of sub-grantee payments and the related draw downs from the federal government. Additionally, the agency utilized the remaining portion of fiscal year 2008 grant awards.

### **DHS Private Resources Fund – 0690**

Private organizations receipts decreased \$4,783 or 92% from fiscal year 2008 to 2009. This is due to a one time court settlement (Prather vs. Pfizer) of \$5,000 received during fiscal year 2008.

### **Social Services Block Grant Fund – 0935**

TANF receipts decreased \$29,750 or 48% from fiscal year 2008 to 2009. This is due to the Department not transferring as much TANF funds to the Social Services Block Grant as in prior years. Timing of the draws impacted the federal receipts between fiscal year 2008 and fiscal year 2009. Draws are performed subsequently to reimburse General Revenue Fund consistently each month and quarter.

### **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 2008**

##### **General Revenue Fund – 0001**

Administrative and Program Support lapse period expenditures totaled \$11,121 or 15% of total expenditures in fiscal year 2008. The majority of the expenditures paid during lapse period were for final billings from the Department of Central Management Services for facilities management services.

Management Information Service lapse period expenditures totaled \$8,838 or 20% of total expenditures for fiscal year 2008. The majority of expenditures paid during the lapse period were transfers to MIS to help cover the deficit in the Statistical Services Revolving Fund and for final billings from the Department of Central Management Services.

Legislative Initiatives lapse period expenditures totaled \$2,133 or 26% of total expenditures in fiscal year 2008. The majority of the expenditures paid during the lapse period were for final billings from providers for program support services.

##### **Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund – 0013**

Addiction Treatment lapse period expenditures totaled \$10,007 or 18% of total expenditures for fiscal year 2008. The majority of expenditures paid during the lapse period were for final billings from providers for fee-for-service reimbursements.



### **DHS Special Purposes Trust Fund – 0408**

Employment and Social Service Program lapse period expenditures (non-appropriated) totaled \$3,808 or 45% of total expenditures for fiscal year 2008. The majority of expenditures paid were for reimbursement payments to the University of Illinois due to timing of bill submissions by the vendors.

### **Maternal and Child Health Services Block Grant Fund – 0872**

Community Health lapse period expenditures totaled \$3,420 or 17% of total expenditures for fiscal year 2008. The majority of the expenditures paid during the lapse period were for reimbursement payments to the University of Illinois due to timing of bill submissions by the vendors.

### **Fiscal Year 2009**

#### **General Revenue Fund – 0001**

Rehabilitation Service Bureaus lapse period expenditures totaled \$3,634 or 22% of total expenditures for fiscal year 2009. The majority of expenditures paid during the lapse period were for final billings from providers for program services.

#### **Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund – 0013**

Addiction Treatment lapse period expenditures totaled \$12,844 or 24% of total expenditures for fiscal year 2009. The majority of expenditures paid during the lapse period were for final billings from providers for fee-for-service reimbursements.

### **DHS Special Purposes Trust Fund – 0408**

Employment and Social Service Program lapse period expenditures (non-appropriated) totaled \$2,664 or 30% of total expenditures for fiscal year 2009. The majority of expenditures paid were for reimbursement payments to the University of Illinois due to timing of bill submissions by the vendors.

Community Health lapse period expenditures totaled \$2,933 or 34% of total expenditures for fiscal year 2009. The majority of expenditures paid during the lapse period were due to the final grant payments being held until all documentation was completed. Once the final grant forms are completed, the final payments are issued, which often occurs during lapse period.

### **Analysis of Changes in State Property**

Schedule 7, the Schedule of Changes in State Property – Central Office summarizes changes in the Department's fixed assets during fiscal years 2009 and 2008 only for the Central Office.

During fiscal years 2009 and 2008, the majority of additions to the property control system for the Central Office were for the purchase of furniture and computer equipment such as printers and flat panel monitors. Other additions to the property control system were attributable to transfers of information technology equipment to the Department from other State agencies. Reductions to the property control system for fiscal years 2009 and 2008 were attributable to information technology and major moveable equipment reported as surplus to the Department of Central Management Services (CMS). Other reductions in property equipment were due to the transfer of Department servers to CMS in accordance with the Governor's initiative outlining CMS' responsibility for maintaining and tracking all State-owned servers. Other reductions in property and equipment were due to retirements 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 \$459,282 and \$453,654 (expressed in thousands) for fiscal years 2009 and 2008, respectively. Loans and notes receivable, net, include an allowance for uncollectibles of \$19 and \$22 (expressed in thousands) for fiscal years 2009 and 2008, respectively. The amounts due from other funds and component units are amounts due from other State agencies and related organizations and are all considered fully collectible.

The following is a schedule of receivable balances (expressed in thousands) at June 30, 2009 and 2008, respectively.

	<b><u>Total</u></b> <b><u>June 30, 2009</u></b>	<b><u>Total</u></b> <b><u>June 30, 2008</u></b>
Taxes receivable, net	\$ 271	\$ 179
Due from other government – federal	187,104	186,606
Due from other government – local	200	3,634
Other receivables, net	43,260	39,975
Due from other State funds	3,226	4,444
Due from component units	214	71
Loans and notes receivable, net	<u>553</u>	<u>557</u>
	<u>\$ 234,828</u>	<u>\$ 235,466</u>

## **Schedule 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 2009. 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 year 2008. 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, 2008 and 2009:

### **Fiscal Year 2009**

#### **Program**

Food Stamp Program	\$ 23,416,728
Temporary Assistance for Needy Families (TANF)	7,971,363
Child Care Development Fund	9,138,658
Social Service Block Grant (SSA, Title XX)	487,606
Substance Abuse Prevention and Treatment Block Grant	941,657
Supplemental Nutrition Program for Women, Infants and Children (WIC)	1,143,197
Maternal and Child Health Block Grant (SSA, Title V)	772,921
Social Security Disability Program (SSA, sec. 221(b))	2,320,830
Vocational Rehabilitation	8,019,750

**Fiscal Year 2008**

Program

Food Stamp Program	\$ 22,317,538
Temporary Assistance for Needy Families (TANF)	6,807,607
Child Care Development Fund	7,565,944
Social Service Block Grant (SSA, Title XX)	427,833
Substance Abuse Prevention and Treatment Block Grant	811,574
Supplemental Nutrition Program for Women, Infants and Children (WIC)	1,042,353
Maternal and Child Health Block Grant (SSA, Title V)	782,387
Social Security Disability Program (SSA, sec. 221(b))	2,540,008
Vocational Rehabilitation	6,601,071

**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 \$2,504,176 and \$1,872,876 during fiscal years 2008 and 2009, respectively. Expenditure detail is as follows:

	<u>2009</u>	<u>2008</u>
General Revenue Fund – 0001		
Community and Resident Services for Blind and Visually Impaired	\$ 610,705	\$ 762,850
Rehabilitation and Education Centers	<u>2,046</u>	<u>1,899</u>
Total General Revenue Fund	<u>612,751</u>	<u>764,749</u>
Vocational Rehabilitation Fund – 0081		
Administrative and Program Support	-	602
Management Information Services	-	1,129
Rehabilitation Service Bureaus	<u>1,260,125</u>	<u>1,737,696</u>
Total Vocational Rehabilitation Fund	<u>1,260,125</u>	<u>1,739,427</u>
 Total All Funds	 <u>\$ 1,872,876</u>	 <u>\$ 2,504,176</u>

The scope of the engagement included testing of Lincoln Developmental Center. The Department expended a total of \$743,816 and \$990,390 during fiscal years 2009 and 2008, respectively. All expenditures were from the General Revenue Fund.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**COMPLIANCE EXAMINATION – CENTRAL OFFICE**

**DEPARTMENT FUNCTIONS AND PLANNING**

**For the Years Ended June 30, 2009 and 2008**

Illinois House Bill 2632 created the Illinois Department of Human Services (Department) which on July 1, 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, Healthcare and Family Services and Public Health. The Department 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 Michelle R.B. Saddler.

The Department's mission is carried out through the following divisions: Alcohol and Substance Abuse, Community Health and Prevention, Developmental Disabilities, Human Capital Development, Mental Health, Rehabilitation Services, and Administration. The Department is the largest agency in the State with an average headcount of approximately 14,000 for the period ending June 30, 2009.

**Department Planning Process**

The Department of Human Services is required by 20 ILCS 10 to submit an annual plan which includes a description of Department 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 Services Plans through fiscal year 2011. All the Department divisions and offices work toward the accomplishment of the Department's overall Human Services Plan.

**The Department's Vision Statement**

The Department is a customer-centered, pro-active social service delivery agency that engages stakeholders to effectively address social issues. Services are delivered efficiently and expediently with personalized care, utilizing innovative, user-friendly technology.

**The Department's Mission Statement**

To assist customers to achieve maximum self-sufficiency, independence and health through the provision of seamless, integrated services for individuals, families and communities.

The Department's Strategic Initiatives and Objectives were created around seven priorities. The Department's Executive Leadership Team selected the seven priorities based upon the broad crosscutting nature of each. The following are the Department's Strategic Planning Priorities for fiscal years 2008-2011:

**Priority 1. Self – Sufficiency**

Collaborate with human service agencies to help families and individuals obtain economic stability.

**Priority 2. Independence**

Collaborate with human service agencies to effectively help individuals with disabilities to maximize independence.

**Priority 3. Health**

Collaborate with human service agencies to improve the health and well-being of individuals and families and provide effective treatment to individuals in need.

**Priority 4. Safety**

Collaborate with state and community agencies to implement effective systems that ensure the safety of Illinois residents.

**Priority 5. Fiscal Responsibility**

Devise and implement best business practices that maximize and expand the State's resources.

**Priority 6. Integration**

Implement cross cutting processes that enhance achievement of the Department's core mission and provide seamless integrated services for individuals, families and communities.

**Priority 7. Workforce**

Implement hiring, training and development processes that enhance achievement of the Department's core mission and ensure an ethical, diverse and competent workforce.

**Fiscal Year 2009 Strategic Plan Review Process**

The review process for Program Divisions was incorporated into the Department's budget review process. At least once per quarter during scheduled monthly Budget meetings each Division's plan was reviewed.

The review process for Administrative and Executive Offices was completed by the Executive Leadership Team (ELT), which met quarterly to review Administrative and Executive Office objectives and progress toward objectives. The ELT consisted of the Chief Financial Officer (CFO), Chief Operating Officer (COO), Budget Director, Chief of Staff and both Assistant Secretaries.

## **Executive Offices**

### **Office of Community Relations (OCR)**

The mission of the OCR is to promote public awareness and usage of programs and services, and to work with the Department's divisions to foster relationships of goodwill with the Department's staff and customers, grassroots organizations, advocates, contracted providers, elected officials, and the philanthropic and business communities. While the office continues to lose staff, budget and resources, it has been able to engage in a variety of strategic outreach activities.

### **Office of Legal Services (OLS)**

Legal Services' initiative to reduce assistance decision backlogs was significantly impacted by the Illinois Department of Central Management Services (CMS) when the job requirements for hearing officers were reclassified. Newly hired hearing officers will be required to be licensed attorneys in the State of Illinois. Due to fiscal year 2009 budgetary constraints, the Bureau was unable to hire under this reclassified title. However, the enhanced educational requirement is expected to result in a more efficient and effective decision rendering process. In turn, this will improve the State's timeliness in hearing appeals and issuing decisions. The Bureau of Assistance Hearings has 20 hearing officer slots and 15 of these positions are filled. In November 2008, the Office of General Counsel's Bureau of Assistance Hearings was given approval to hire five retired hearing officers on an emergency basis. Each hearing officer's employment was limited to a period of 60 calendar days. On February 5, 2009, the first emergency hire reported for duty, and these emergency hires remained in employment through April 2009. The hiring of these individuals allowed the Bureau to work on its backlog of cases. At the end of fiscal year 2009, there was a backlog of 6,494 cases.

### **Office of Grants Administration (OGA)**

The Department submitted 47 competitive grant applications for possible initial awards in fiscal years 2008 or 2009 and secured over \$32.4 million dollars in new non-General Revenue Fund competitive funding to be realized over the life of the grants. The Department's electronic Grants Library expanded during fiscal year 2009 with respect to the number of staff that has access and the number of grant applications entered into the Library. At the end of fiscal year 2009, 64 staff have access to the Library, while the fiscal year 2009 new competitive grants have been added.

### **Office of Strategic Planning (OSP)**

OSP's first priority assigned by former Secretary Adams was the development of the first comprehensive agency-wide Strategic Plan. Prior plans focused only on program areas of the Department, the fiscal years 2008-2011 plan includes initiatives, objectives and performance measures for the Program Divisions, as well as all Administrative and Executive Offices. The

second priority was the implementation of a constant and consistent review process by Department leadership. The third priority was to establish a performance measurement “system” capable of collecting, storing and providing reports regarding Department objective progress and performance data.

### **Office of Inspector General (OIG)**

Early in fiscal year 2009, the OIG achieved 100% compliance on community agency abuse/neglect policies. Shortly into the fiscal year, the OIG obtained a contract with an Investigative Registered Nurse Consultant to assist with OIG investigations, complementing the Registered Nurse Surveyor contract begun in fiscal year 2008. The OIG has continued training at a much higher rate than the planned five sessions, conducting 68 trainings during fiscal year 2009. Through this training and through the recommendations in site visit surveys and in investigative cases, the OIG hoped to see an annual reduction in abuse/neglect allegations from the Department’s facilities; however, the facilities reported 910 such allegations, not meeting the objective's goal of only 770. Despite this increase during fiscal year 2009, the OIG still closed 100% of recanted allegations within 10 days and referred 100% of non-reportable allegations. Further, the OIG was able to complete Rule 50 investigations during fiscal year 2009 in an average of 44.5 days, well within the objective's goal of 60 days per case.

### **Office of Security and Emergency Preparedness (OSEP)**

As part of the overarching National Incident Management System (NIMS) Compliance Initiative, the Office of Security and Emergency Preparedness (OSEP) is developing on-line training tools that enable Safety Coordinators and Emergency Preparedness Coordinators, as well as the Department’s staff to familiarize themselves with basic National Incident Management System principles. Safety Coordinators have completed required training; other Department employees (12,000 plus) are being trained in priority order. OSEP coordinates the Department’s emergency response during all State Emergency Operations Center activations. This includes incidents such as the NIU shootings, major flooding, and winter storm events in all parts of the State. Additionally, participation in federal and State mandated Department of Homeland Security drills/exercises contribute to the Department’s compliance efforts. The Department’s Emergency Operations and Continuity of Government Plans are in development.

### **Office of Hispanic and Latino Affairs (OHLA)**

The Office of Hispanic/Latino Affairs (OHLA), participates in the Limited English Proficient (LEP) work group, which identifies LEP needs agency wide. OHLA works closely with all the Department’s divisions to identify Spanish translation needs. Since July 1, 2009, over 400 forms, brochures, and other materials have been translated (1,250 pages). Also, OHLA continues to work in the Spanish translation of the Department’s website for customers. OHLA expects to have the Department’s website for customers ready for publication in the Spanish language by December 2010.



## **Administrative Offices**

### **Office of Contract Administration (OCA)**

In January 2009, three full time equivalent staff were relocated to OCA from the Office of Business Services.

### **Office of Human Resources (HR)**

Rewards and recognition programs are on-going including the Platinum Customer Service project and the statewide Employee Appreciation events. The Department reviewed all senior-level job duties and prepared draft job specifications and requirements for review by CMS; however, CMS placed this initiative on hold. A mid-level internship program was established and is operational in the Department. The Expedited Hiring Program continues to operate effectively. A Panel Interview system has been implemented which allows program area staff to be a voting member of the interview/selection process upon request. A request to streamline the e-par process was prepared and discussed with CMS; decision is pending.

### **State Purchasing Office (SPO)**

The State Purchasing Office (SPO) has ensured that agency staff received a full understanding of the State of Illinois Business Enterprise Program (BEP) by creating a Business Enterprise Team made up of the Department's Program and Administrative office procurement staff. Monthly and Quarterly meetings were held with the SPO's office. Discussions included BEP goals, creation of new objectives and creation of individual BEP Compliance Plans, which assisted in the Department submission of the fiscal year 2009 BEP Compliance Plan to Central Management Services.

### **Office of Business Services (OBS)**

OBS claims the Department is in full compliance with the Green Governments Illinois Act (95-0657), which is meant to instill "green thinking" into the daily operations of the State government and to improve the quality of life for the residents we serve.

### **Office of Fiscal Services (OFS)**

The Web-based Random Moment Sampling (RMS) software package used to measure work effort for cost allocation that was installed in fiscal year 2009 has increased staff efficiency and improved maintainability of the system since the vendor supports the software. The remaining strategic initiatives, which Fiscal Services has identified, involve MIS as a technological partner in implementing new processes and systems. For example, CRIS software has been purchased from a software vendor, who will assist the agency with installation and staff training.

The CRIS software will ultimately replace Excel spreadsheets currently used in the completion of quarterly cost reports for Federal claiming. Fiscal Services is waiting for MIS to install the CRIS software. The same is true regarding the funeral and burial vouchering process and the Travel Voucher Entry System which are both waiting on MIS. Fiscal's remaining objective to upgrade CARS (Consolidated Accounting and Reporting System) is on indefinite hold per MIS pending the outcome of the decision to implement a new Statewide Accounting System. Fiscal Services has completed its portion of the initiatives and is waiting for MIS to identify resources and implement the new processes and systems.

### **Office of Clinical, Administrative and Program Support (OCAPS)**

OCAPS worked closely with entities covered by the Firearm Owner Identification (FOID) statute, to ensure all understood the reporting requirements. Hospitals with licensed beds reported at 100% during fiscal year 2009 and IMD's reported at over 90% (two were outstanding at the time of this request 2/12/2010).

### **Office of Management Information Services (MIS)**

MIS continues to strive to work closely with the Office of the Secretary and the Divisions to ensure appropriate priorities are in place on technology investments to achieve the overall objectives of the Department. In meeting the Department's Strategic Plan objectives, MIS has worked with Business Services to move all agency forms to an E-Forms structure. These online forms have become the basis for many of the underlying business processes within the agency. MIS continues to deploy Adobe extension licenses in order to develop new systems. Due to the budget crisis, new development has been slowed resulting in fewer software deployments than was initially planned. Due to budget constraints the integrated commodities inventory management system has yet to be established. In terms of both training objectives, MIS has made a significant investment to have over 65% of the staff attend Java or other such leading edge technology training. Finally, MIS continues to develop new applications in line with the objectives of the Divisions including Web Stamps, Open Door, IWC and Web CM.

### **Office of Compliance and Workplace Safety (CAWS)**

CAWS is charged with ensuring compliance with the Americans with Disabilities Act as it relates to access to employment, program and services and facilities by persons with disabilities. CAWS has been working to compile a database of the Department's accessibility site surveys with recommendations for building improvements. Communication access is paramount and CAWS has developed a Communication Access workshop to deliver to the Department's local offices to ensure effective communication for persons who are deaf and/or hard-of-hearing. CAWS worked with the Bureau of Training and Development to deliver a curriculum for supervisors on "Meeting the Challenge of Inclusion" addressing the needs of employees and customers with disabilities. One of the goals of CAWS is to implement a Department World Class Helpline/Call Center. The Department has been working to automate various functions that will allow staff to work more efficiently, such as the planned Phone Stamps Interview, a re-determination process via toll free computer telephone system. There are plans for additional

automation projects such as a central automated process to capture and deliver change of address, out of state data and Medicaid Spend down information. The agency will need to strategically update the Department's Helpline with multi-channel access. Each year, the Department's Helpline staff serves an estimated 4,980,000 customers who contact the Call Center. The average call wait times for an agent is between 45 to 60 minutes on the Fraud, Change Report and Intervention cues and the percentage of Department's Helpline calls abandoned are no higher than 45%. On the Integrated Voice Response, the call wait times are 3 minutes. One of Department's goals is to increase federal Medicaid match by stabilizing Recipient Identification Number (RIN) operations. CAWS plans to secure a contract to perform RIN operations. The Department is examining how to deliver Platinum Customer Services by forming a Committee to review best practices to implement system wide improvements in customer service by creating a work environment that results in a positive experience for customers and staff.

### **Bureau of Policy (BP)**

The Bureau of Policy assisted in major revisions to the Department's Employee Handbook and continues to provide updates to the Office of Human Resources so Department policy and the Handbook remain consistent. The Bureau also assisted in the development of the NetLearning on-line training summaries, questions and answers related to Administrative Directives. In addition, Department employees receive the most recent version of Administrative and/or Program Directives, via an Adobe file, which ensures employees are able to access the Department's policy regardless of their computer operating system. For employees without access to a computer, employees are expected to acknowledge receipt and confirm review of the Administrative Directive(s). A total of 57 Directives were sent to Department employees in 2009 in this manner.

### **Bureau of Civil Affairs (BCA)**

The Department has historically experienced difficulty in meeting the 25% good faith effort standard set by the Illinois Department of Human Rights (IDHR) in addressing its underutilization. The Department has also historically had an issue of disproportionate discipline to African Americans in the EEO Category of Technicians. In an effort to raise awareness, increase support and improve our performance, underutilization and discipline information was distributed. The information was discussed with Executive Staff, Human Resources, the Recruitment/Hiring/Discipline Committee and the Diversity Advisory Council. The Department continues to be challenged in addressing the disproportionate discipline, and efforts continue to analyze data and explore ways to improve in this area. For fiscal year 2009 IDHR changed the performance standard in addressing underutilization from 25% good faith effort, to a requirement to address 20% of minority underutilization and 37% of female underutilization. Since the change, the Department's performance has improved. The Department has met and surpassed both underutilization and performance requirements for the 1st and 2nd quarters of fiscal year 2010.

## **Program Divisions**

### **Division of Alcohol and Substance Abuse Treatment (DASA)**

DASA continued its efforts in overdose prevention. Legislation was passed (PA96-0361) in 2009 to include Overdose Prevention within the Division's enabling legislation. The changes include, overdose prevention and training for community providers, community residents, emergency-medical responders and allows for more extensive distribution of Naloxone to counter the effects of opioid overdose. Community and provider committees are working on implementation of appropriate overdose prevention activities. DASA collaborated with the Illinois Society of Addiction Medicine, the Illinois State Medical Society and the Center for Substance Abuse Treatment, and the Department's Division of Pharmacy to provide training to physicians on use, misuse, overdose and addiction to prescription pain relievers. Training was provided in the spring of 2009 in both Springfield and Chicago with appropriate CME credits issued. The Chicago Collaborative to End Chronic Homelessness Project, now known as the ARCH Program, met the goal to service 40 persons with co-existing disorders through June 30, 2008. Approximately 53 persons were housed, and continued to receive support services related to their addictions, mental health, medical, employment and educational needs. This project continued through 2009.

The Substance Abuse and Mental Health Services Administration transitioned the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) to a Performance Partnership Grant in 2004. Included in the SAPTBG Performance Partnership was the creation of the State Outcome Management and Measurement System/SOMMS and the National Outcomes Management System/NOMS. In fiscal year 2009, DASA began implementation of Performance Contracting in support of improved quality of care and outcomes including NOMS. Training and provider meetings occurred throughout the State during fiscal year 2009 with providers given specific feedback regarding the status of their reported treatment outcomes. Performance contracting training, negotiation and reporting continue into fiscal year 2010.

### **Division of Community Health and Prevention (CHP)**

Indicators of maternal and infant health in Illinois have shown consistent improvement. In 2005, (most recent data available), Illinois ranked 31st among the states and the District of Columbia in infant mortality, which compares favorably with its ranking of 47th in 1980. Further enhancement of services directed to preventing very low birth-weight such as Targeted and Intensive Prenatal Case Management, Healthy Start and Healthy Births for Healthy Communities holds significant potential for continuing to see improvement in Illinois' overall infant mortality rate. Accomplishments in the health status of children and adolescents are many. Notable among them are accomplishments related to the objectives above and to the general well being of youth in Illinois. Statewide, WIC children ages 12-18 months achieved immunization coverage of 87.5 percent. Chicago Department of Public Health reported for fiscal year 2009, 81.5 percent of two-year-olds were fully immunized. The proportion of Medicaid-eligible infants that obtain routine well-child care has been steadily improving in Illinois. The proportion has exceeded 85 percent for the last five years and reached 87.3 percent in 2006 (the most recent data available).

The high rate of utilization reflects the effort of several programs within the division to ensure that infants obtain appropriate well-child care. The rate of births to 15 to 17 year old women in 2007 was 22.1 per 1,000; the same as in 2006 but a slight increase from 2005 (21.2 per 1,000) and above Illinois' performance target (21 per 1,000). The birth rate among 15 to 17 year olds has declined by 20 percent between 2000 and 2007. The birth rate has declined among all racial and ethnic groups (whites, 15.9 percent; blacks, 28 percent; and Hispanics, 18.6 percent). The 2008 version of the Illinois Youth Survey reports that the percent of students in 8th, 10th, and 12th grades who had smoked cigarettes decreased to 12.5 percent from 2002 when the percent was 18.9 percent. In 2008, Illinois reported no change in the rate of child maltreatment (7.8 per 1,000 for both 2008 and 2009).

Many programs within CHP work to prevent child maltreatment including Healthy Families Illinois (HFI), Parents Too Soon, Parents Care and Share and the High-Risk Infant Follow-up programs. A major accomplishment in enhancing the capacity of youth services program is Redeploy Illinois. In its first three years of providing services, Redeploy Illinois has demonstrated success. Approximately 400 youth residing in the pilot sites (Macon County, Peoria County, St. Clair County, and the 2nd Judicial Circuit) were diverted from commitment to the Illinois Department of Juvenile Justice. Compared to the number of commitments occurring in the pilot sites prior to Redeploy Illinois, the reported diversions represented a 51 percent reduction in commitments. Had these youth been committed, it is estimated that the costs to the State of Illinois could have totaled almost \$19 million. In fiscal year 2009, Redeploy expanded to include five additional pilot areas: Kankakee County, Lee County, Madison County, McLean County, and the 4th Circuit (Montgomery, Christian, and Marion Counties). These new sites are expected to be funded by January 2009 and after an approximate three-month start up period begin service delivery in the spring of 2009.

### **Division of Developmental Disabilities (DDD)**

The Waiver authorization process uses the Prioritization of Urgency of Need for Services (PUNS) database for the selection process. The selection process is transparent and ensures that people in similar situations have an equal opportunity to receive services, regardless of how or where they enter the system. The Statewide Advisory Council works collaboratively with five subcommittees on a range of issues and program initiatives. The committee members consist of stakeholders from the community, self-advocates, service providers and Division staff. The Quality Committee is developing a system-wide approach to ensure that individuals with developmental disabilities receive quality services regardless of where they live. The Rates Committee reviews rate methodologies for services and recommends improvements. The Waiver Ad Hoc Committee is involved in the renewal of the Children's Support and Children's Residential Waivers to maximize individualized services and participant-directed services for individuals with developmental disabilities. By the end of fiscal year 2009, enrollment in home-based services increased by approximately 300. This growth was possible using federal matching funds deposited in a dedicated fund and reinvested in the program. The Self-Advocate Committee provides input from direct consumers on services and major initiatives. The PUNS

Selection Committee reviews the selection process for potential improvements. The Division's Bureau of Transition Services facilitated community placements for 199 individuals residing in State-Operated Developmental Centers (SODCs) and other priority populations. This bureau continues to improve the facilitation process and follow-up procedures to ensure the safety and well-being of individuals with developmental disabilities. The Bureau of Quality Management in cooperation with the Illinois Council on Developmental Disabilities implemented a training program, creating a core group of 50 Certified Quality Analysts to lead the development of a new quality management plan for the Division of Developmental Disabilities. This group consists of self-advocates, employees of community agencies and staff from the Division.

### **Division of Human Capital Development (HCD)**

During fiscal year 2008, the top two priorities in the Division of Human Capital Development concerned Child Care and Feeding Illinois. The implementation of Feeding Illinois brought an additional \$1million of food to an expanded number of households served by food pantries, soup kitchens, and homeless shelters. Child Care continued to remain a top priority throughout fiscal year 2009. The creation of a quality rating system with tiered reimbursement for child care providers was accomplished, along with a plan for assisting families with an income level up to 200% of poverty. During fiscal year 2008, with the help of HCD staff, agencies that were involved in assisting disabled refugees began to coordinate transportation and service delivery for those customers. During these two fiscal years, HCD also met the federal work participation rate of 50% for all TANF families with one adult working or in work-related activities. During fiscal year 2009, a web-based application for cash, SNAP, or medical benefits was launched and succeeded in bringing the application process to customers at their convenience. The automated phone system for the SNAP redetermination process was expanded to allow more customers to reapply over the phone to continue their existing SNAP benefits, as opposed to personally visiting the Family Community Resource Center (FCRC) to accomplish this regular process. Customers also began receiving their Illinois Link Cards by mail and have the ability to access information about their cash or SNAP accounts via the Internet or an 800 number, saving additional visits to the FCRCs.

### **Division of Mental Health (DMH)**

As the federally designated State Mental Health Authority (SMHA) for Illinois, the DMH is responsible for assuring that children, adolescents and adults have the availability of, and access to, recovery-oriented, evidence-based and community-focused publicly-funded mental health services. During fiscal year 2009, DMH continued its transformation to meet the six major goals and recommendations of the New Freedom Commission Report on Mental Health. Transformation of mental health services assures that recovery-oriented, evidence-based and community-focused treatment and supports are accessible, through fiscally efficient use of public funds, to children, adolescents and adults who are most in need of mental health services. Hospital care and treatment is a vital component of treatment services provided to persons with mental illnesses. In fiscal year 2009, the number of consumers admitted to and in residence in state hospitals declined slightly; however, the staff to patient ratio remained constant to fiscal year 2008 despite a budget directive hiring freeze (8 of the 9 state operated hospitals achieved an

average staff to patient ratio of 2.4:1). The rate of pre-admission screening remained over 90% and the discharges readmitted rate (within 30 days) remained constant. DMH maintains a statutorily required facility for Sexually Violent Persons Facility, Treatment and Detention Facility (TDF). The census for the facility continued to exceed DMH expectations but did not reach clinically inappropriate levels. DMH is increasing its capacity to offer evidence-based supportive employment to more consumers albeit in fiscal year 2009, the number of consumers served fell short of the fiscal year 2009 milestone. And finally, the DMH, working through its Permanent Supportive Housing (PSH) initiative, continues to exceed its housing opportunities and support services projections.

### **Division of Rehabilitation Services (DRS)**

The DRS vocational rehabilitation (VR) program faced considerable difficulty in achieving job placement goals as the national recession took hold. The DRS was not successful in meeting its employment outcome goal, placing 4,804 individuals with disabilities into jobs for at least 90 days, a drop of 3.5 percent from the previous fiscal year. However, DRS successfully met its goal for earnings of VR customers placed into employment, with an average hourly wage of \$10.13, just higher than the goal of \$10.08. VR staff showed significant improvement by completing key casework activities on time in 88.6 percent of cases, just short of the federally mandated target of 90 percent. In the Home Services Program (HSP) DRS was also able to meet its goal by serving 35,207 individuals in fiscal year 2009. HSP was also able to exceed its goal for community reintegration by assisting 200 individuals in moving out of nursing homes and into community residences, far exceeding the fiscal year 2009 goal of 133 individuals moved.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**COMPLIANCE EXAMINATION - CENTRAL OFFICE**

**SCHEDULE OF NUMBER OF EMPLOYEES**

**For the Years Ended June 30, 2009, 2008 and 2007**

Number of employees by division are presented as follows as of June 30:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Division of Administrative Services			
Secretary's Office	35	56	43
Associate Secretary	3	7	3
Assistant for Special Projects	1	1	0
Office of Contract Administration	28	26	21
Strategic Planning and Performance Management	7	8	7
Management Information Services	152	158	166
Office of Fiscal Services	115	120	119
Office of Budget	13	14	13
Hispanic/Latino Affairs	6	6	6
Office of Business Affairs	113	124	122
Office of Human Resources	102	108	106
Assistant Secretary – Chicago	7	7	6
Office of Inspector General	58	62	56
Office of Compliance Access and Workplace Safety	27	33	30
Office of Legal Services	63	71	65
Office of Press/Communications	2	5	4
Office of Legislation	<u>8</u>	<u>8</u>	<u>10</u>
Total Division of Administrative Services	<u>740</u>	<u>814</u>	<u>777</u>
Division of Community Health and Prevention			
Community Health and Prevention	62	66	72
Family Health Prevention	91	96	106
	<u>28</u>	<u>29</u>	<u>26</u>
Total Division of Community Health and Prevention	<u>181</u>	<u>191</u>	<u>204</u>



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**COMPLIANCE EXAMINATION - CENTRAL OFFICE**

**SCHEDULE OF NUMBER OF EMPLOYEES**

**For the Years Ended June 30, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Division of Human Capital Development			
Transitional Services	1	2	2
Office of Food Stamp Employability	4	71	38
Office of Child Care and Family Services	3	72	76
Office of Financial Support Services	1	11	12
Reimbursement Officers	<u>0</u>	<u>6</u>	<u>0</u>
 Total Division of Human Capital Development	 <u>9</u>	 <u>162</u>	 <u>128</u>
Division of Disability and Behavioral Health Services			
Office of Alcoholism and Substance Abuse	56	56	55
Rehabilitation Service Administration	90	98	100
Illinois School for the Deaf	243	242	249
Rehab/Education CTR - Roosevelt	66	67	65
Illinois School – Visual Impaired	131	135	134
Bureau of Field Operations	18	20	19
Bureau of Field Services – Zone A	1,733	171	157
Bureau of Field Services – Zone B	194	194	179
Bureau of Field Services – Zone C	123	129	125
Blind Services Administration	25	28	28
Rehab/Education CTR – Wood	19	28	29
Blind Services Region I	25	18	19
Blind Services Region II	11	11	12
Blind Services Region III	11	11	9
Blind Services Region IV	11	10	10
Blind Services Region V	12	12	10
Disability Determination Service	474	485	515
DD and MH Services	18	20	21
DD Central Administration	92	90	76
Fox Developmental Center	236	259	252
Howe Developmental Center	724	761	767

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**COMPLIANCE EXAMINATION - CENTRAL OFFICE**

**SCHEDULE OF NUMBER OF EMPLOYEES**

**For the Years Ended June 30, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Division of Disability and Behavioral Health Services – Continued			
Jacksonville Developmental Center	408	434	440
Ann M. Kiley Developmental Center	380	389	385
Ludeman Developmental Center	613	617	643
Mabley Developmental Center	149	156	157
Murray Developmental Center	544	538	526
Shapiro Developmental Center	1,060	1,119	1,164
Mental Health Central Office	68	68	62
Alton MH and DD Center	259	256	261
Chester Mental Health Center	483	497	489
Chicago-Read Mental Health Center	293	305	311
Choate MH and DD Center	486	502	511
Elgin Mental Health Center	727	744	789
Madden Mental Health Center	295	315	321
McFarland Mental Health Center	212	225	229
Singer MH and DD Center	157	163	167
Tinley Park Mental Health Center	186	199	192
North Central Network	8	6	7
Treatment and Detention Facility	220	214	195
Clinical Administrative and Program Support	<u>121</u>	<u>123</u>	<u>123</u>
 Total Division of Disability and Behavioral Health Services	 <u>10,981</u>	 <u>9,715</u>	 <u>9,803</u>

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**COMPLIANCE EXAMINATION - CENTRAL OFFICE**

**SCHEDULE OF NUMBER OF EMPLOYEES**

**For the Years Ended June 30, 2009, 2008 and 2007**

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Division of Community Operations			
Division of Community Operations	136	3	3
Region I	166	1,810	1,755
Region II	556	580	581
Region III	321	340	338
Region IV	230	246	244
Region V	348	368	370
Service Delivery and Community Outreach		23	22
22			
Management and Field Service	52	59	58
Welfare to Work Performance Management	18	39	35
Attorney General	<u>27</u>	<u>1</u>	<u>0</u>
Total Division of Community Operations	<u>1,877</u>	<u>3,468</u>	<u>3,406</u>
GRAND TOTAL	<u>13,788</u>	<u>14,350</u>	<u>14,318</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, 2009 and 2008**

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 2009 and 2008.

Central Office / Division	Year Ended June 30, 2009					
	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	43,612	\$ 1,734,374	4,059	\$ 123,647	47,671	\$ 1,858,021
Administration and Program Support	10,946	398,812	5,175	171,117	16,121	569,929
Management Information Service	3,782	219,986	1,799	75,104	5,581	295,090
Disability Determination Services Bureau	21,250	947,947	1,771	64,106	23,021	1,012,053
Home Services Program	100	2,839	280	7,150	380	9,989
Mental Health Disability/Behavioral Program Administration	546	20,857	2,138	89,328	2,684	110,185
Inspector General	1,118	39,814	1,072	34,784	2,190	74,598
Developmental Disabilities Disability/Behavioral Program Administration	1,914	90,294	1,765	63,178	3,679	153,472
Addiction Treatment	25	787	462	18,540	487	19,327
Rehabilitation Service Bureaus	1,303	46,214	3,511	105,100	4,814	151,314
Disability/Behavior Health Program Administration	1,997	98,612	504	22,743	2,501	121,355
Community and Resident Services for Blind and Visually Impaired	564	20,881	594	18,013	1,158	38,894
Employment and Social Service Program	682	29,390	164	5,561	846	34,951
Community Health	197	7,802	449	13,715	646	21,517
Community Youth Services	1	26	45	1,281	46	1,307
Community Health - Other	-	-	7	207	7	207
<b>Total Central Office</b>	<b>88,037</b>	<b>\$ 3,658,635</b>	<b>23,795</b>	<b>\$ 813,574</b>	<b>111,832</b>	<b>\$ 4,472,209</b>

(Continued)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**ANALYSIS OF EMPLOYEE OVERTIME**

**Fiscal Years Ended June 30, 2009 and 2008**

Year Ended June 30, 2009

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	26,352	\$ 1,233,038	2,014	\$ 56,081	28,366	\$ 1,289,119
Jack Mabley Developmental Center	51,659	1,429,152	1,970	55,075	53,629	1,484,227
Alton Mental Health Center	49,885	1,624,291	8,876	309,501	58,761	1,933,792
Clyde L. Choate Mental Health and Developmental Center	127,334	3,693,265	11,236	316,941	138,570	4,010,206
Chicago Read Mental Health Center	50,458	1,884,735	7,556	316,557	58,014	2,201,292
Sexually Violent Persons Program	23,762	630,124	12,848	266,821	36,610	896,945
H. Douglas Singer Mental Health Center	15,508	520,290	4,371	132,010	19,879	652,300
Ann M. Kiley Developmental Center	143,546	3,938,637	39	1,390	143,585	3,940,027
Illinois School for the Deaf	11,521	344,699	34,219	723,105	45,740	1,067,804
Illinois School for the Visually Impaired	6,467	195,512	13,442	286,028	19,909	481,540
John J. Madden Mental Health Center	54,252	2,059,070	11,142	399,182	65,394	2,458,252
Warren G. Murray Developmental Center	166,082	4,277,925	8,478	201,982	174,560	4,479,907
Elgin Mental Health Center	93,706	3,235,441	16,159	430,074	109,865	3,665,515
Chester Mental Health Center	83,812	2,773,580	4,745	178,189	88,557	2,951,769
Jacksonville Mental Health and Developmental Center	98,147	2,707,203	258	7,799	98,405	2,715,002
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	3,766	115,936	2,555	62,540	6,321	178,476
Andrew McFarland Mental Health Center	16,721	636,390	3,683	110,244	20,404	746,634
Gov. Samuel H. Shapiro Developmental Center	216,506	5,538,902	527	18,283	217,033	5,557,185
William W. Fox Developmental Center	61,006	1,662,461	1,173	24,271	62,179	1,686,732
Elisabeth Ludeman Developmental Center	221,362	6,091,849	3,585	121,801	224,947	6,213,650
William A. Howe Developmental Center	230,185	6,661,859	3,087	145,107	233,272	6,806,966
Total Facilities	<u>1,752,037</u>	<u>51,254,359</u>	<u>151,963</u>	<u>4,162,981</u>	<u>1,904,000</u>	<u>55,417,340</u>
Total for Department Fiscal Year 2009	<u>1,840,074</u>	<u>\$ 54,912,994</u>	<u>175,758</u>	<u>\$ 4,976,555</u>	<u>2,015,832</u>	<u>\$ 59,889,549</u>

(Concluded)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**ANALYSIS OF EMPLOYEE OVERTIME**

**Fiscal Years Ended June 30, 2009 and 2008**

Year Ended June 30, 2008

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	42,038	\$ 1,583,408	2,740	\$ 81,331	44,778	\$ 1,664,739
Administration and Program Support	7,520	260,285	4,235	128,910	11,755	389,195
Management Information Service	4,851	249,821	2,725	105,746	7,576	355,567
Disability Determination Services Bureau	15,269	646,761	1,802	61,637	17,071	708,398
Home Services Program	132	3,730	177	4,565	309	8,295
Mental Health Disability/Behavioral Program Administration	283	10,086	1,361	50,216	1,644	60,302
Inspector General	1,283	40,259	484	15,804	1,767	56,063
Developmental Disabilities Disability/Behavioral Program Administration	1,738	77,376	1,464	50,257	3,202	127,633
Addiction Treatment	79	2,727	615	23,847	694	26,574
Lincoln Developmental Center	359	17,944	-	-	359	17,944
Rehabilitation Service Bureaus	1,963	69,269	3,424	96,370	5,387	165,639
Disability/Behavior Health Program Administration	2,169	104,149	809	37,303	2,978	141,452
Community and Resident Services for Blind and Visually Impaired	284	12,278	541	16,038	825	28,316
Employment and Social Service Program	787	28,363	193	6,358	980	34,721
Community Health	94	3,474	280	9,160	374	12,634
Community Youth Services	-	-	69	1,644	69	1,644
Community Health - Other	-	-	40	1,745	40	1,745
Total Central Office	<u>78,849</u>	<u>\$ 3,109,930</u>	<u>20,959</u>	<u>\$ 690,931</u>	<u>99,808</u>	<u>\$ 3,800,861</u>

(Continued)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**ANALYSIS OF EMPLOYEE OVERTIME**

**Fiscal Years Ended June 30, 2009 and 2008**

Year Ended June 30, 2008

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	25,932	\$ 1,274,356	2,527	\$ 80,822	28,459	\$ 1,355,178
Jack Mabley Developmental Center	51,775	1,393,966	2,604	66,674	54,379	1,460,640
Alton Mental Health Center	54,164	1,785,890	9,120	291,092	63,284	2,076,982
Clyde L. Choate Mental Health and Developmental Center	133,746	3,594,971	12,802	379,489	146,548	3,974,460
Chicago Read Mental Health Center	71,620	2,668,948	11,734	431,699	83,354	3,100,647
Sexually Violent Persons Program	18,424	485,178	9,211	191,289	27,635	676,467
H. Douglas Singer Mental Health Center	17,939	555,618	5,638	157,829	23,577	713,447
Ann M. Kiley Developmental Center	135,113	3,398,352	62	2,007	135,175	3,400,359
Illinois School for the Deaf	11,830	340,346	36,582	765,204	48,412	1,105,550
Illinois School for the Visually Impaired	8,485	255,358	17,096	348,793	25,581	604,151
John J. Madden Mental Health Center	59,317	2,240,702	12,058	432,028	71,375	2,672,730
Warren G. Murray Developmental Center	143,067	3,589,904	16,753	338,892	159,820	3,928,796
Elgin Mental Health Center	102,893	3,595,625	18,499	470,807	121,392	4,066,432
Chester Mental Health Center	87,015	2,818,476	5,118	196,430	92,133	3,014,906
Jacksonville Mental Health and Developmental Center	102,903	2,794,777	111	3,733	103,014	2,798,510
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	6,712	204,109	6,114	152,966	12,826	357,075
Andrew McFarland Mental Health Center	18,003	646,533	3,203	98,142	21,206	744,675
Gov. Samuel H. Shapiro Developmental Center	202,909	5,021,543	648	17,775	203,557	5,039,318
William W. Fox Developmental Center	64,629	1,618,099	2,923	77,411	67,552	1,695,510
Elisabeth Ludeman Developmental Center	212,872	5,563,875	2,188	64,776	215,060	5,628,651
William A. Howe Developmental Center	299,712	8,469,150	6,706	269,470	306,418	8,738,620
Total Facilities	<u>1,829,060</u>	<u>52,315,776</u>	<u>181,697</u>	<u>4,837,328</u>	<u>2,010,757</u>	<u>57,153,104</u>
Total for Department Fiscal Year 2008	<u>1,907,909</u>	<u>\$ 55,425,706</u>	<u>202,656</u>	<u>\$ 5,528,259</u>	<u>2,110,565</u>	<u>\$ 60,953,965</u>

(Concluded)

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**EMERGENCY PURCHASES**

**Year Ended June 30, 2009**

<u>Division</u>	<u>Facility</u>	<u>Description</u>	<u>Amount</u>	<u>Actual/ Estimated</u>
Business Services	Central Office	Extension of contract to avoid disruption of substance abuse program technical assistance	\$ 281,315	Actual
Business Services	Central Office	Extension of contract to avoid disruption of youth services program support	167,728	Actual
Business Services	Central Office	Extension of contract to avoid disruption of family health program technical assistance	52,787	Actual
Business Services	Kiley Developmental Center	Repair roof at Kiley Developmental Center	666,100	Actual
Business Services	Illinois School for the Deaf	Repairs on water line	135,000	Estimate
Business Services	Howe Developmental Center	External monitoring to address concerns with the number of incidents that are occurring at the Center	91,120	Estimate



**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**EMERGENCY PURCHASES**

**Year Ended June 30, 2008**

<u>Division</u>	<u>Facility</u>	<u>Description</u>	<u>Amount</u>	<u>Actual/ Estimated</u>
Business Services	McFarland Mental Health Center	Purchase and installation of carpet	\$ 84,090	Estimate
Business Services	Central Office	Extension of contract to avoid disruption of program support services	196,489	Actual
Business Services	Central Office	Extension of contract to avoid disruption of domestic violence program support services	23,750	Actual
Business Services	Central Office	Extension of contract to avoid disruption of health services management support	24,075	Actual
Business Services	Central Office	Extension of contract to avoid disruption of substance abuse program technical assistance	317,893	Actual
Business Services	Central Office	Extension of contract to avoid disruption of monitoring and compliance technical assistance	188,833	Actual
Business Services	Central Office	Extension of contract to avoid disruption of technical training and assistance	27,217	Actual
Business Services	Central Office	Extension of contract to avoid disruption of program support services	85,431	Actual

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**EMERGENCY PURCHASES**

**Year Ended June 30, 2008**

<u>Division</u>	<u>Facility</u>	<u>Description</u>	<u>Amount</u>	<u>Actual/ Estimated</u>
Business Services	Central Office	Extension of contract to avoid disruption of domestic violence prevention training	\$ 12,500	Actual
Business Services	Treatment and Detention Center	Extension of contract to avoid disruption of treatment services	300,000	Estimate
Business Services	Treatment and Detention Center	Extension of contract to avoid disruption of healthcare services	300,000	Estimate
Business Services	Jacksonville Developmental Center	Inspection and repair of boilers	174,091	Actual
Business Services	Murray Developmental Center	Replacement of boiler controls	358,874	Actual
Business Services	Central Office	Rental of copiers until new contract awarded	498,000	Estimate
Business Services	Treatment and Detention Center	Healthcare services until award is made	300,000	Estimate
Business Services	Illinois School for the Deaf	Purchase of air conditioning compressor	30,547	Actual
Business Services	McFarland Mental Health Center	Air conditioning repairs	92,645	Actual
Business Services	McFarland Mental Health Center	Carpeting	84,090	Actual

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**EMERGENCY PURCHASES**

**Year Ended June 30, 2008**

<u>Division</u>	<u>Facility</u>	<u>Description</u>	<u>Amount</u>	<u>Actual/ Estimated</u>
Business Services	McFarland Mental Health Center	Removal and replacement of old cabinets, walls, and metal ceiling	\$ 167,094	Actual
Business Services	McFarland Mental Health Center	Installation of camera/monitoring system, keyless door security, ceiling fans, and lighting	151,896	Actual
Business Services	Choate Mental Health Center	Repair/replacement of electricity to living facilities and kitchen	80,000	Estimate
Business Services	Treatment and Detention Facility	Manual keys on each door in case of power outage	400,000	Estimate
Business Services	Choate Mental Health Center	Repair/replacement of roof	165,954	Estimate

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**MEMORANDUMS OF UNDERSTANDING**

**Fiscal Years Ended June 30, 2009 and 2008  
(Unaudited)**

	<b>MOU Award</b>	<b>Expenditures through June 30</b>	<b>Award Balance as of June 30</b>	<b>Award Description</b>
<u>Fiscal Year 2009:</u>				
Chicago Workforce Investment Board	\$ 21,322	\$ 21,322	\$ -	Support for an integrated workforce delivery system
<u>Fiscal Year 2008:</u>				
Chicago Workforce Investment Board	22,000	22,000	-	Support for an integrated workforce delivery system

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**HURRICANE KATRINA ASSISTANCE**

**Fiscal Years Ended June 30, 2009 and 2008  
(Unaudited)**

	<u>Fiscal Year</u>	
	<u>2009</u>	<u>2008</u>
Cost of Services Provided:		
Social Services Block Grant	<u>\$ 349,775</u>	<u>\$ 504,847</u>
 Total Amounts:	 <u><u>\$ 349,775</u></u>	 <u><u>\$ 504,847</u></u>

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**ANNUAL COST STATISTICS  
(Unaudited)**

**Fiscal Years Ended June 30, 2008 and 2007**

**OFFICE OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES**

The following annual cost statistics have been accumulated for the years ended June 30, 2008 and 2007. (All amounts are in thousands except for average cost per day):

	<u>Mental Health</u>		<u>Developmental Disabilities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Accumulated costs	\$ 347,257	\$ 309,266	\$ 381,179	\$ 349,701	\$ 728,436	\$ 658,967
Allocated overhead	24,530	21,560	26,823	23,676	51,353	45,236
Less:						
Extramural services	342	486	61	4	403	490
Clothing	404	302	239	170	643	472
Donated commodities	-	11	3	-	3	11
Miscellaneous income	<u>85</u>	<u>80</u>	<u>29</u>	<u>12</u>	<u>114</u>	<u>92</u>
Total costs	370,956	329,947	407,670	373,191	778,626	703,138
Patient days	<u>553</u>	<u>551</u>	<u>837</u>	<u>880</u>	<u>1,390</u>	<u>1,431</u>
Average cost per day	<u>\$ 671</u>	<u>\$ 599</u>	<u>\$ 487</u>	<u>\$ 424</u>	<u>\$ 560</u>	<u>\$ 491</u>

Note: The fiscal year 2009 information had not been calculated by the Department for inclusion in this schedule prior to concluding the engagement.

**STATE OF ILLINOIS  
DEPARTMENT OF HUMAN SERVICES**

**SERVICE EFFORTS AND ACCOMPLISHMENTS  
(Unaudited)**

**Fiscal Years Ended June 30, 2009 and 2008**

**DIVISION OF DEVELOPMENTAL DISABILITIES**

The Division of Developmental Disabilities (DDD) serves people with mental retardation and related conditions that result in impairment similar to mental retardation. Residential services are provided primarily in Community Integrated Living Arrangements (CILAs), Intermediate Care Facilities for Persons with Developmentally Disabilities (ICFs/DD), and State-Operated Developmental Centers (SODC).

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Residents in SODC	2,873	2,758	2,670	2,539	2,373	2,218
Staff to resident ratio	1.8	1.7	1.8	1.8	1.9	2.0
Admissions to SODC	137	80	91	102	72	85
% Discharges readmitted – 1 year	27%	18%	21%	16%	17%	15%
Medicaid Waiver recipients	10,077	12,600	13,600	14,121	15,947	16,613
Residents in community settings (ICF/DD + Waiver)	16,925	19,428	20,438	20,839	22,567	23,151

**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 disturbance. 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 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 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:

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total expenditures – all sources	\$ 636,602.9	\$ 632,467.6	\$ 643,810.2	\$ 663,064.2	\$ 696,938.4	\$ 687,930.0
Number of individuals served in DMH Assertive Community Treatment (ACT) program	3,234	3,519	3,294	3,597	674 <sup>a</sup>	653 <sup>a</sup>
Number of juveniles found eligible for MH juvenile justice services	681	714	736	494	690	652
Percent of re-admissions to state hospitals within 30 days of discharge	9.5%	11.0%	15.0%	10.0%	13.0%	13.0%
Percent of presentations to MH hospitals that received a pre-admission screening for less restrictive alternatives prior to admission	95%	91%	91%	92%	93%	92%
Percent of individuals on antipsychotic treated with new generation of antipsychotic drugs	86%	90.2%	88.2%	92%	80.6%	87%
Staff to patient ratio	2.30	1.90	1.87	1.88	1.87	1.88
Patients in State MH hospitals at year end	1,369	1,402	1,322	1,373	1,343 <sup>b</sup>	1,299 <sup>b</sup>
Admissions to State Mental Health facilities	9,609	10,190	11,421	11,349	10,719	10,650
Individuals with 3 or more admissions (clinical e #107)	536	592	639	630	426	453

<sup>a</sup> In FY08 the service definition regarding ACT was changed to allow only ACT teams that met fidelity standards. Thus, the drop in numbers of persons receiving ACT in FY08 reflects the movement of consumers from Evidence Based Act (previously allowed ACT teams) to Community Support Team (teams meeting fidelity standards).

<sup>b</sup> Does not include the Treatment and Detention Facility (TDF).



## **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.

### **Home Services**

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.

### **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 FY2004, BDDS staff evaluated applications from a total of 153,686 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 employees 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 offer services through the Older Blind Program to help elderly blind individuals learn the skills they need to live independently.

<b>VR Program Total</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Persons in supported employment	3,156	2,851	2,589	2,506	2,476	2,636
New applications	22,037	17,076	16,685	16,714	17,159	16,955
Average lifetime cost per rehabilitation (in dollars)	\$ 2,513	\$ 3,215	\$ 3,425	\$ 3,973	\$ 3,114	\$ 3,749
<b>Home Services</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total Persons receiving in-home service to prevent institutionalization	34,158	35,645	35,916	36,858	38,093	34,309
New service plans developed	5,563	6,021	4,858	5,144	5,061	5,014
Average monthly cost of in-home services per client	\$ 944	\$ 1,073	\$ 1,082	\$ 1,144	\$ 1,183	\$ 1,104

## **DIVISION OF ALCOHOL AND SUBSTANCE ABUSE**

### **Addiction Treatment Service Description**

The Division of Alcohol and Substance Abuse (DASA) 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.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total expenditures – all sources	\$ 208,370.3	\$ 218,770.4	\$ 237,695.2	\$ 240,919.2	\$ 233,660.0	\$ 233,054.2
Number of discharges classified as positive	36,200	49,220	53,614	57,400	53,419	50,866
Number of unduplicated patients served	78,000	90,725	91,719	88,947	84,167	82,874

## **DIVISION OF COMMUNITY HEALTH AND PREVENTION**

### **Reproductive and Early Childhood Services**

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 seven groups of programs: preconceptional; pregnancy, infancy and early childhood; middle childhood; adolescence; children with special health care needs; adults; and infrastructure development.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total expenditures – all sources	\$ *	\$ *	\$ *	\$ 528,660.4	\$ 569,526.5	\$ 604,374.9
Number of WIC food coupons issued	12,200,000	11,449,565	12,000,000	12,000,000	12,199,780	12,593,098
Number of 0-2 years olds immunized	238,158	249,859	253,781	267,827	284,815	301,953
Number of WIC participants	508,250	516,568	515,672	519,250	532,753	549,086
Number of FCM participants	280,969	282,840	285,459	292,302	291,417	276,801
Number of new initial IFSP	14,121	15,805	16,270	17,099	18,026	19,047
Number of children who have IFSP's	15,070	16,647	17,023	17,936	18,764	18,468

\* Prior to State Fiscal Year 2007, Community Health and Prevention organized and reported data/dollars in a different manner. Portions (specific line items) of Maternal & Child Health and Early Intervention were combined to create the Bureau of Reproductive and Early Childhood Services.

## **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.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total expenditures (all sources, in thousands)	\$ 111,870.1	\$ 126,330.3	\$ 148,457.8	\$ 132,006.6	\$ 110,730.9	\$ 90,003.6
Average number of TANF families engaged each month (Fed. participation rate)	6,592	7,149	8,634	6,566	2,550	1,796
Total number of customers cancelled due to earnings	7,049	7,036	8,569	9,216	7,356	4,731
Total number of TANF earnings cases whose employment stopped	3,339	3,211	2,922	2,375	1,358	1,025

### **Child Care**

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.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
The average number of cases/ families served through the Child Care program per month	94,641	98,667	104,572	96,390	91,100	90,100

### **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 Link (EBT) card.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Federal Q.C. Food Stamp Payment Accuracy *	94.39%	93.43%	94.68%	94.1%	94.88%	94.03%

\* Data reflects Federal Fiscal Year (FFY) not State Fiscal Year (SFY).

### **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.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total number of Nights in Shelters (in thousands)	1,489	1,700	1,900	1,555	2,004	2,014
Homeless Prevention – Avg. quarterly Cost per Household (in dollars)	\$ 505.50	\$ 530.00	\$ 563.00	\$ 775.00	\$ 883.00	\$ 934.00

### **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.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Total number of customers served through the Refugee Social Service program	9,225	4,500	4,400	3,335	4,327	4,505
Total number of Refugees and Immigrants receiving citizenship Assistance	10,586	12,763	13,532	12,366	11,127	10,704
Total number of Refugees and Immigrants receiving Outreach and Interpretation services	33,330	29,731	48,371	46,565	52,872	56,978

### **Title XX – Social Services Block Grant**

The State receives an annual formula allocation of Social Services Block Grant funds based upon population. The Department 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. The State's allocation from the Block Grant is \$73,556,382.

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Number of persons served	170,000	153,000	152,240	100,240	117,342	123,000
Total expenditures	\$113,668,599	\$88,096,618	\$72,984,032	\$73,556,629	\$72,538,797	\$72,140,067

### **ANNUAL COST STATISTICS**

The following data summarize 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)**

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Average number of monthly participants	95,748	104,255	102,740	88,003	66,493	64,279
Monthly average program payments	\$ 9,253,214	\$10,538,454	\$10,474,952	\$ 8,893,907	\$ 6,830,010	\$ 7,273,494
Monthly average disbursements per person	\$ 97	\$ 101	\$ 102	\$ 101	\$ 103	\$ 113

**Child Care**

Total expenditures (all sources, in thousands)	\$ 656,915.6	\$ 692,166.5	\$ 690,842.7	\$ 663,500.3	\$ 730,368.6	\$ 781,073.6
Number of children served through the Child Care program – avg. month	189,282	197,334	192,471	175,359	172,852	174,500
Average Child Care cost per child – per month (in dollars)	\$ 259.00	\$ 256.00	\$ 243.00	\$ 269.00	\$ 304.52	\$ 324.01

**Food Stamps**

<b>Activities and Performance</b>	<u>SFY 04</u>	<u>SFY 05</u>	<u>SFY 06</u>	<u>SFY 07</u>	<u>SFY 08</u>	<u>SFY 09</u>
Average number of monthly participants	1,039,565	1,137,015	1,216,755	1,240,748	1,283,308	1,410,109
Monthly average program payments	\$ 98,261,958	\$ 113,882,729	\$ 124,544,909	\$ 130,307,561	\$ 140,610,072	\$ 163,545,092
Monthly average disbursement per person	\$ 100	\$ 95	\$ 102	\$ 105	\$ 110	\$ 116