STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015

AND DEPARTMENT-WIDE FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

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

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015
AND DEPARTMENT-WIDE FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015
AND DEPARTMENT-WIDE FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015
AND DEPARTMENT-WIDE FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS (Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS

Secretary	Michelle R. B. Saddler (through 1/19/15) Melissa A. Wright (Acting 1/20/15 – 2/13/15) Greg Bassi (Acting 2/17/15 – 5/17/15) James T. Dimas (Acting 5/18/15 – 4/12/16, Appointed 4/13/16 - present)
Assistant Secretary (Operations)	Matthew Hammoudeh (through 3/6/15) Vacant
Assistant Secretary (Programs)	Nelida Smyser-DeLeon (10/23/13 – 3/6/15) Vacant
Budget Director	Robert Brock
Business Services Director	Melissa Wright (through 1/19/15) Paul Hartman (Acting 1/20/15 – 2/17/15, Appointed 8/1/15 - present)
Chief of Staff	Grace Hong-Duffin (through 2/11/15) Melissa Wright (Acting 2/17/15–5/15/15, Appointed 5/18/15 – 12/31/15) Greg Bassi (1/25/16 – present)
Chief Financial Officer	Carol Kraus (through 11/15/14) Dan Melliere (Acting 11/16/14 – 2/10/15) Robert Brock (Acting 2/11/15 – 7/15/15, Appointed 7/16/15 - present)
Chief Operating Officer	Matthew Grady (through 2/28/14) Kacy Bassett (4/7/14 – 2/11/15) Khari Hunt (9/21/15 – present)
Office of Contract Administration Manager	Bradley Howard (through 1/19/15) Fintan Fassero (Acting 1/28/15 – 3/20/15) Dan Melliere (Acting 3/23/15 – 12/31/15) Brian Bertrand (1/1/16 – present)
Chief Internal Auditor	Suzie Lewis (Acting through 12/31/13) Jane Hewitt (1/1/14 – present)
Agency Procurement Officer	William Strahle

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS (Continued)

Fiscal Services Director	Michael Layden (through 1/19/15) Greg Primm (1/28/15 – 5/9/16) Alex Jordan (Acting effective 5/10/16)
Human Resources Director	Joan Bortolon (Acting through 5/18/14) Lynn Oda (5/19/14 – 7/31/15) Scott Viniard (Acting 6/22/15 – 6/30/15, Appointed 7/1/15 – present)
Management Information Services Chief	Doug Kasamis (through 7/25/14) John Rigg (9/16/14 – 6/15/15) Brad Long (6/16/15 – present)
Office of Community Relations Director	Tom Green (through 1/19/15) Jessica Michael (1/15/15 – 4/17/15) Veronica Vera (Acting 4/20/15 – 12/31/15) Marianne Manko (1/1/16 – present)
Chief Legislative Liaison	Randy Wells (through 1/16/15) Jennifer Aring (2/5/15 – present)
Hispanic/Latino Affairs Director	Nelida Smyser-DeLeon (through 2/28/14) Silvia Villa (1/16/14 – 3/31/15) Vacant
General Counsel	Brian Dunn (through 1/19/15) Daniel Dyslin (Acting 1/20/15 – 1/31/15) Greg Bassi (2/1/15 – 2/16/15) Daniel Dyslin (Acting 2/17/15 – 5/15/15) Greg Bassi (5/16/15 – 7/26/15) Daniel Dyslin (Acting 7/27/15 – 9/14/15) Greg Bassi (9/15/15 – 1/24/16) Fred Flather (1/25/16 – present)
Inspector General	Michael McCotter
Office of Strategic Planning and Performance Director	Joan Small (through 1/19/15)
Renamed: Innovation, Strategy & Performance	Bruce Bendix (8/1/15 – present)
Division of Alcohol and Substance Abuse Director	Theodora Binion (through 12/31/15) Maria Bruni (Acting 1/18/16 – present)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

AGENCY OFFICIALS (Continued)

Division of Rehabilitation Services Director	David Hanson (through 2/11/15) Kris Smith (Acting 2/12/15 – 6/30/15, Appointed 7/1/15- present)
Division of Developmental Disabilities Director	Kevin Casey (through 3/13/15) Greg Fenton (Acting 3/16/15 – 7/15/15, Appointed 7/16/15 – present)
Division of Mental Health Director	Theodora Binion (through 9/8/15) Diana Knaebe (9/9/15 – present)
Division of Clinical, Administrative and Program Support Manager	Jim Hobbs (through 1/31/15) Matthew Hammoudeh (Acting 1/28/15 – 3/6/15) Melissa Wright (Acting 3/9/15 – 12/31/15) Vacant
Office of Family Community Services Director (Formally: HCD)	Linda Saterfield (Acting through 12/31/13) Dyahanne Ware (1/1/14 – 1/19/15) Nelida Smyser-DeLeon (Acting 1/28/15 – 3/6/15) Diane Grigsby-Jackson (7/1/15 – present)
Grant Administration Director	Sharon Zahorodnyj (through 4/30/14) Alfredo Calixto (7/1/14 - 1/19/15) Mary Jennings (10/1/15 – present)
Office of Security and Emergency Preparedness Director	John Mack (through 1/19/15) Ken McCaffrey (Acting 2/1/15 – 9/15/15) Vacant

Agency main offices are located at:

100 South Grand Avenue, East Springfield, Illinois 62726	401 South Clinton Street Chicago, Illinois 60607

Bruce Rauner, *Governor*

Illinois Department of Human Services

James T. Dimas, *Secretary*

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

MANAGEMENT ASSERTION LETTER

May 19, 2016

RSM US LLP
20 N. Martingale Road, Suite 500
Schaumburg, IL 60173

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 Department. 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 Department's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2014 and June 30, 2015, the Department has materially complied with the assertions below.

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. Other than what has been previously disclosed, 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. Other than what has been previously disclosed, 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.

Yours very truly,

Illinois Department of Human Services

James T. Dimas
Secretary

Robert Brock
Chief Financial Officer

Fred Flather
General Counsel

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015

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.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers but does contain a report modification for compliance and material weaknesses over internal control.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	33	38
Repeated findings	25	27
Prior recommendations implemented or not repeated	21	19

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (*GOVERNMENT AUDITING STANDARDS*)	
2015-001	18	Accounting for grants needs improvement	Significant Deficiency
2015-002	21	The allowance for doubtful accounts was overstated	Significant Deficiency
2015-003	23	Weaknesses in preparation of year-end Department financial statements	Material Weakness
2015-004	28	Child care program issues	Significant Deficiency
2015-005	31	Inadequate detail maintained supporting DASA adjustments	Significant Deficiency
2015-006	33	Lack of due diligence and project management over the Integrated Eligibility System	Material Weakness and Material Noncompliance
2015-007	36	Inaccurate determination of eligibility	Material Weakness and Material Noncompliance
2015-008	39	Lack of controls over the Integrated Eligibility System	Material Weakness and Material Noncompliance

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015

COMPLIANCE REPORT (Continued)

SUMMARY (Continued)

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE)	
2015-009	42	Inadequate execution of interagency agreements	Material Weakness and Material Noncompliance
2015-010	45	Noncompliance with statutory requirements at Department facilities for the use of restraints	Material Weakness and Material Noncompliance
2015-011	49	Other noncompliance with statutory requirements at Department Facilities	Material Weakness and Material Noncompliance
2015-012	55	Internal control weaknesses in the Home Services Program	Significant Deficiency and Noncompliance
2015-013	57	Weaknesses in processing personal assistants payments	Significant Deficiency and Noncompliance
2015-014	59	Inadequate monitoring of provider agencies	Significant Deficiency and Noncompliance
2015-015	61	Weaknesses in conducting annual eligibility redeterminations for KidCare (ALL-KIDS))	Significant Deficiency and Noncompliance
2015-016	63	Inadequate controls over the Department of Human Services Act	Significant Deficiency and Noncompliance
2015-017	67	Voucher processing, policies, approvals and payments	Significant Deficiency and Noncompliance
2015-018	71	Inadequate recordkeeping for payroll and personnel files	Significant Deficiency and Noncompliance
2015-019	76	Late submission of required reports	Significant Deficiency and Noncompliance
2015-020	79	Failure to ensure expenditure reconciliations are prepared timely	Significant Deficiency and Noncompliance

COMPLIANCE REPORT (Continued)

SUMMARY (Continued)

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
2015-021	81	Failure to calculate and pay prompt payment interest on medical assistance payments	Significant Deficiency and Noncompliance
2015-022	84	Failure to lead establishment of cross-agency prequalification process	Significant Deficiency and Noncompliance
2015-023	86	Employee performance evaluations not performed on a timely basis	Significant Deficiency and Noncompliance
2015-024	88	Lack of physical control over State property	Significant Deficiency and Noncompliance
2015-025	92	Inadequate controls over accounts receivable	Significant Deficiency and Noncompliance
2015-026	96	Inadequate controls over commodities	Significant Deficiency and Noncompliance
2015-027	99	Inadequate administration of locally held funds and petty cash	Significant Deficiency and Noncompliance
2015-028	104	Failure to transfer remaining fund balances as required by Illinois Public Code	Significant Deficiency and Noncompliance
2015-029	105	Inadequate controls over returned checks	Significant Deficiency and Noncompliance
2015-030	106	Inadequate controls over refunds	Significant Deficiency and Noncompliance
2015-031	107	Contingency planning weaknesses	Significant Deficiency and Noncompliance
2015-032	109	Inadequate compliance with procedures for disposal of confidential information	Significant Deficiency and Noncompliance
2015-033	111	Unsecured confidential information transmitted over the Internet	Significant Deficiency and Noncompliance

COMPLIANCE REPORT (Continued)

SUMMARY (Continued)

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type

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

2015-001	18	Accounting for grants needs improvement	Significant Deficiency and Noncompliance
2015-002	21	The allowance for doubtful accounts was overstated	Significant Deficiency And Noncompliance
2015-003	23	Weaknesses in preparation of year-end Department financial statements	Material Weakness and Noncompliance
2015-004	28	Child care program issues	Significant Deficiency and Noncompliance
2015-005	31	Inadequate detail maintained supporting DASA Adjustments	Significant Deficiency and Noncompliance
2015-006	33	Lack of due diligence and project management over the Integrated Eligibility System	Material Weakness and Material Noncompliance
2015-007	36	Inaccurate determination of eligibility	Material Weakness and Material Noncompliance
2015-008	39	Lack of controls over the Integrated Eligibility System	Material Weakness and Material Noncompliance

PRIOR FINDINGS NOT REPEATED

Financial Audit – Year Ending June 30, 2014

A	113	Weaknesses over quarterly reporting of accounts receivable
B	113	Commodity inventory system outdated and insufficient for user needs
C	113	Inadequate controls over capital asset financial reporting

COMPLIANCE REPORT (Continued)

SUMMARY (Continued)

SCHEDULE OF FINDINGS

Item No.	Page	Description
Compliance Examination – Two Years Ended June 30, 2013		
D	113	Inadequate administration of closing Mental Health Centers and Developmental Centers
E	114	Inadequate administration of the Home Services Medicaid Trust Fund
F	114	Inadequate controls over receipts
G	114	Access to Department production data not adequately restricted
H	115	Weaknesses in maintaining documentation of temporary assignments
I	115	Controls over telecommunications services and expenditures
J	115	Cellular phones not cancelled in a timely manner
K	115 115	Inadequate compliance with the Fiscal Control and Internal Auditing Act
L	116	Failure to comply with Public Benefits Fraud Protection Task Force provisions of the Illinois Public Aid Code
M	116	Failure to make appointments in accordance with State law
N	116	Noncompliance with fire safety standards
O	117	Duplication of medical assistance enrollees
P	117	Medical assistance records not updated timely for deceased individuals
Q	117	Management Audit – Illinois Department of Public Aid’s KidCare Program (July 2002)
R	118	Management Audit - Pilsen-Little Village Community Mental Health Center, Inc. (February 2008)
S	118	Performance Audit - Medical Assistance Program Long Term Care Eligibility Determination (September 2009)
T	119	Program Audit - Office of the Inspector General, Department of Human Services (December 2010)
U	119	Management Audit - Department of State Police's Administration of the Firearms Owner's Identification Act (April 2012)

COMPLIANCE REPORT (Continued)

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 3, 2016. Attending were:

Department of Human Services

Shawn Henderliter	Rehabilitation Services Audit Liaison
Alex Jordan	Bureau Chief, Bureau of Collections
Jerri Vogel	Bureau Chief, General Accounting
Brenda Flowers	Family and Community Services
Paul Thelen	Family and Community Services
Justin Carlin	Division of Mental Health
Brock Dunlap	Division of Mental Health
Diana Knaebe	Director, Division of Mental Health
Amy E. Gentry	Division of Management Information Systems
Bradley J. Long	Chief Information Officer, Division of Management Information Systems
Kate Atteberry	Chief Security Officer, Division of Management Information Systems
MaryBeth Farmer	Division of Rehabilitation Services
Marianne Manko	Director of Communications
Jane Hewitt	Chief Internal Auditor
Albert Okwuegbunam	Office of Internal Audit, Liaison
Sunday Odele	Office of Internal Audit, Liaison
Jennifer Aring	Director of Legislative Affairs
Garry Kramer	Bureau Chief, Division of Mental Health
Wendy Power	Payroll
Mark Kraus	Office of the Inspector General
Bill Diggins	Office of the Inspector general
Paul Hartman	Director, Office of Business Services
Deb Muhlstadt	Division of Developmental Disabilities
Khari Hunt	Chief Operating Officer
Gregory Bassi	Chief of Staff
Robert Brock	Chief Financial Officer

COMPLIANCE REPORT (Continued)

EXIT CONFERENCE (Continued)

Office of the Auditor General

Elvin Lay	Audit Manager
Joe Gudgel	IT Audit Manager
Scott Wahlbrink	Audit Manager

RSM US LLP – Special Assistant Auditors

Linda Abernethy	Partner
Katie Barry	Senior Manager
Crystal Bruns	Senior Associate
Paul John Rosario	Senior Associate

Responses to the recommendations were provided by Jane Hewitt, Chief Internal Auditor, in a letter dated May 11, 2016.

Independent Accountants' Report on State Compliance and on Internal Control Over Compliance

Honorable Frank J. Mautino
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, 2015. 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Department's compliance with those requirements listed in the first paragraph (items A through E) 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.

Our examination disclosed material noncompliance with requirements applicable to the Department for the two years ended June 30, 2015. As described in items 2015-006 through 2015-008 and 2015-009 through 2015-011 in the accompanying schedule of findings, the Department did not comply with requirements regarding the obligation, expenditure and use of public funds of the State in accordance with conditions or mandatory directions imposed by law (requirement B); and the Department did not comply with applicable laws and regulations, including the State uniform accounting system in its financial and fiscal operations (requirement C). These conditions were considered in determining the nature, timing, and extent of audit tests applied in our audit of the Department's 2015 financial statements, and this report does not affect our report dated May 19, 2016 on those financial statements.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the compliance requirements listed in the first paragraph (items A through E) of this report during the two years ended June 30, 2015.

The results of our procedures disclosed other instances of noncompliance with the requirements (items A through E), 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 items 2015-001 through 2015-005 and 2015-012 through 2015-033.

Internal Control

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph (items A through E) 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 (items A through E) of this report to determine the examination procedures that are appropriate in the circumstances 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph (items A through E) of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2015-003, and 2015-006 through 2015-011 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2015-001, 2015-002, 2015-004, 2015-005, and 2015-012 through 2015-033 to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to the attention of the State of Illinois Auditor General.

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 the responses.

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

RSM US LLP

Schaumburg, Illinois
May 19, 2016

RSM US LLP

Independent Auditor's 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 Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, 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, 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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Human Services' basic financial statements, and have issued our report thereon dated March 16, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Department of Human Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Human Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Human Services' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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 deficiencies described in the accompanying schedule of findings as items 2015-003, 2015-006, 2015-007 and 2015-008 to be material weaknesses.

A *significant deficiency* is a deficiency, or a 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 the accompanying schedule of findings as items 2015-001, 2015-002, 2015-004, and 2015-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Human Services' financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2015-006 through 2015-008.

The State of Illinois, Department of Human Services' Response to Findings

The State of Illinois, Department of Human Services' responses to the findings identified in our audit are described in the accompanying schedule of findings. The State of Illinois, Department of Human Services' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Department of Human Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Human Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Schaumburg, Illinois
March 16, 2016

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-001 **FINDING:** **(**Accounting for grants needs improvement)

The Department of Human Services (Department) does not have adequate controls over the reconciliation of amounts reported at year-end related to its various federal grant programs resulting in errors in the prior year financial statements.

In testing amounts reported in the GAAP packages and Comptroller accounting forms (SCO 563 Forms) for federal grant receivables, payables and unearned revenue, we found that the process for reporting grants and related accruals for financial reporting is inadequate.

Most federal grants that the Department participates in are based on the federal fiscal year which ends on September 30 each year. For various federal programs, there is a federal award amount which represents the maximum grant amount the Department can receive under a program for that federal fiscal year. Additional agreements between a federal agency and the Department determine the frequency and amount of funds that can be drawn down under the program. Because the Department's year end is June 30, there are typically 2 federal grant year awards which impact receiving and disbursing federal awards each fiscal year.

In order to determine the receivable due from a federal agency under the terms of an award, several things need to be considered including the maximum award amount, amounts previously drawn, and qualifying expenditures incurred in the aggregate (various funds can participate in a single federal program). In its analysis of the June 30, 2014 receivable for the SNAP program, the Department did not accurately reconcile receipts during the fiscal year to the appropriate federal award year. Amounts received during SFY 2014 were compared to the FFY 2014 award year when much of the receipts related back to the FFY 2013 award. As such, the receivable at year end June 30, 2014 in the General Revenue Fund and governmental activities was understated by approximately $40 million.

Additionally, as a result of this circumstance, in the General Revenue Fund, deferred inflows of resources were understated by approximately $40 million and in governmental activities, revenues and net position were understated by $40 million.

Also, in the prior year, accounts receivable of approximately $12 million for the Women, Infants, and Children (WIC) program was overstated because the impact of rebates receivable was not considered in determining the federal receivable amount. This amount was corrected in the current period.

We also noted the Department draws $17.2 million every third month and remits it to the Department of Children and Family Services (DCFS), totaling $68.8 million for the year. The agreement provided to the auditors in support of this amount did not contain any information on

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

the amount of the payments under the agreement, or the frequency of the payments. The Department stated that the amount paid was based on 305 ILCS 5/12-5 which states "Eighty percent of the federal financial participation funds received by the Illinois Department of Human Services under the Title IV-A Emergency Assistance program as reimbursement for expenditures made from the Illinois Department of Children and Family Services appropriations for the costs of providing services on behalf of Department of Children and Family Services clients shall be deposited into the DCFS Children's Services Fund." However the Department was not able to provide an analysis or reconciliation to indicate the amount paid complied with the language in the statute.

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, requires that recipients in government mandated and voluntary nonexchange transactions record receivables and revenues when all eligibility requirements have been met (revenue recognition is subject to availability in governmental funds). The Department's federal grants are predominantly reimbursement type grants wherein eligibility requirements are fulfilled upon incurring qualified expenditures.

The agreement between agencies should contain information on the amount of the payments under the agreement and the frequency of the payments. If 305 ILCS 5/12-5 is to be used by the Department to support the draw amounts, an analysis or reconciliation should be performed to indicate the amount paid complied with the language in the statute. A good system of internal control requires support for all financial transactions.

Further, 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 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.

The Department stated a new process was implemented during fiscal year 2015 to ensure accruals at June 30th were materially correct based on the information available at the time the GAAP packages were required to be submitted. This process resulted in no adjustments to the fiscal year 2015 financial statements for the current fiscal year activity. However, the 2015 financial statements were adjusted for three funds which had incorrectly reported a fund balance in the fiscal year 2014 financial statements.

The prior year grant errors were caused by lack of timely reconciliation based on both the federal fiscal year and the state fiscal year. Due to the number and complexity of the various grant programs, the risk of error under this process remains high. (Finding Code No. 2015-001, 2014-001)

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

RECOMMENDATION:

We recommend the Department implement a process for ensuring amounts reported for all grants are accurate and that controls are in place to ensure knowledgeable individuals in the Bureau of Federal Reporting validate the amounts calculated by the Bureau of General Accounting and reported for receipts, expenditures and accruals for these grants, giving proper consideration to both the federal award year and the state fiscal year. Further, the Department should enter into a new updated agreement with DCFS which contains all the key elements pertaining to the agreement between the two State agencies and which complies with the statute.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. The Department has implemented a new GAAP Process for the SCO-563 grant reporting and will work with the Bureau of Federal Reporting to ensure accurate reporting of grants in the GAAP packages. The Department has drafted a proposed revision to the statute regarding the amount of the TANF Block Grant to be drawn for the Department of Children and Family Services.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF FINDINGS
June 30, 2015

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-002 **FINDING:** **(**The allowance for doubtful accounts was overstated)

The Department of Human Services (Department) did not sufficiently review the completeness of the information utilized when establishing the allowance for doubtful accounts in the June 30, 2015 financial statements.

The DHS Recoveries Trust Fund accounts for approximately $463.5 million in gross receivables for overpayments to program recipients for things such as food stamps and grants. The Department recorded an allowance for doubtful accounts for these receivables of approximately $318.7 million, resulting in a net receivable of $144.9 million. Beginning in FY2015, for financial reporting purposes, the Department calculated the allowance amount using historical collection data through June 30, 2014 in accordance with their new methodology. For the purpose of reporting to the State comptroller in FY 2016, the Department updated its collection history through June 30, 2015. The updated analysis, had it been applied to the June 30, 2015 receivable balance reported would have resulted in an allowance of $309.4 million, a difference of $9.3 million. This difference was not deemed material to the financial statements.

According to generally accepted accounting principles (GAAP), the allowance for uncollectable accounts should represent management's best estimate of the amount of receivables that will not be collected. The collection activity from FY 2015 should be used to calculate the FY 2015 uncollectible percentage. The allowance for doubtful accounts is a significant estimate that requires proper analysis and evaluation of past and current events as well as the assumptions used. Further, 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 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.

The Department stated that a new methodology for calculating the allowance for doubtful accounts was implemented during Fiscal Year 2015. The new uncollectible percentage was reported on the Quarterly Summary of Accounts Receivable report submitted to the State Comptroller. The Department did not consider the receivable amount used in the financial statements to be incorrect because it agreed to the Quarterly Summary of Accounts Receivable report for the quarter ended June 30, 2015.

Due to the magnitude of the receivable balance, small differences in the uncollectible rate used to determine the allowance can result in significant differences in the amounts recorded in the financial statements. (Finding Code No. 2015-002, 2014-002)

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

RECOMMENDATION:

We recommend the Department analyze all available collection data annually through year-end and up through the report issuance date, and adjust the methodology for calculating the allowance for doubtful accounts as necessary. The information gathered should be used for accurately reporting the allowance for doubtful accounts in the financial statements.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. The Department will analyze all collection data annually and recalculate the allowance for doubtful accounts. The most current uncollectible percentage will be used for determining the allowance for doubtful accounts amount reported in the departmental financial statements.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-003 **FINDING:** (Weaknesses in 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) contained inaccurate information.

The Department does not have a complete general ledger or adequate controls over the completeness and accuracy of monthly and year-end annual financial reporting which resulted in errors in the GAAP basis financial statements, GAAP schedules prepared for the State Comptroller's Office, and additional supporting schedules and analysis.

The Department did not timely record all expenditures and receipts into its Consolidated Accounting and Reporting System (CARS).

- This included payroll transactions in approximately 20 funds totaling $84.2 million through June 30 and $8.6 million as of August 31, 2015. The Department generally relied on inquiries from the Comptroller's Statewide Accounting Management System (SAMS) for payroll expenditure data. The Department determined they could not efficiently rely on their own internal accounting records for payroll information.

We also noted the following issues with the year-end financial reporting process:

- The Department does not have a robust documented process for estimating liabilities payable from future year's appropriations (IBNR) for certain programs. Most significant programs administered by the Department allow service providers to claim reimbursement from the Department for services within 120 days of the service date; however, a few programs allow up to 2 years. Adding to the complexity is that much of the detailed data on these provider claims is maintained by the Department of Healthcare and Family Services, a separate State agency. As a result of a separate analysis performed by auditors over these liability estimates, we concluded the following liabilities were misstated:
-
    - Developmental Disabilities was understated approximately $5.8 million
    - DASA was overstated approximately $500 thousand
    - Mental Health was overstated approximately $2.6 million
    - Early Intervention was overstated approximately $12.9 million

- Pension amounts (pension expenditures and the related revenues) pertaining to pension contributions made for DHS employees paid from the General Revenue Fund were not recorded. The omission was not originally detected and the initial drafts of the financial statements did not include these amounts. The omissions impacted the General Fund and governmental activities.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

- In FY 2013 the Department overstated operating transfers out from the General Revenue Fund (Fund 001) to the DHS Public Assistance Recoveries Trust Fund (Fund 921) by $11.655 million. The Illinois Public Aid Code (Code) (305 ILCS 5/12-9.1) required the Department to calculate and certify excess monies in Fund 921 on the first day of each calendar quarter and transfer those monies to Fund 001 within 30 days. The Department recorded liabilities for these transfers as far back as FY 2007 but never transferred the funds. A statutory change to the Code was effective June 19, 2013 and no longer requires the transfer. However, the statutory change should have been implemented on a prospective basis beginning with the effective date. The physical transfer of the funds has still not been made.
- The Department could not provide expenditure reconciliations for federal Medical Assistance Program (MAP) funds (Funds 0120, 0142, 0365, 0502, 0718) between amounts reported in CARS (Consolidated Accounting and Reporting System), and amounts reported in the SCO 563 Forms which support the receivable calculation for financial reporting. The amount per the SCO 563 Forms is a computed amount (a formula), essentially the amount needed to achieve the reported receivable balance provided by the Department of Health and Family Services (HFS), a separate State agency. The Department does not retain a reconciliation between what is reported on the SCO 563 (claimable expenditures) and within CARS (all expenditures) for each fund. Additionally, there is no documentation maintained by the Department to support the calculation and methodology used by HFS in preparing the federal receivable amount.
- When reviewing the expenditure reconciliations from the Department's accounting system, CARS, to the Comptroller's accounting system at June 30, 2015 we noted as of December 2015, the June reconciliation (as well as lapse) was incomplete.
- Unexpended appropriations (an asset account) was misstated in the draft financial statements in the General Revenue Fund. This error was later corrected. The amount reported varied from the Illinois Comptroller report (as adjusted for IOC held warrants and interfund payments) by approximately $5 million, resulting in an understatement of the draft financial statements.
- At June 30, 2015, the Department held deposits at financial institutions that exceeded federal deposit insurance coverage in the amount of $1.3 million. The Department failed to obtain collateral that was equal to or greater than the uninsured portion of the Department's deposits, as required by the State Officers and Employees Money Disposition Act (30 ILCS 230/2c). Additionally, for another significant account held, approximately $5 million was exposed to custodial credit risk because the collateral provided by the financial institution was not held in the name of the Department.
- The Department does not maintain a detailed accounts receivable subsidiary ledger to support the ending Mental Health Fund (0050) quarterly balances. Rather, the Department generally takes the beginning quarterly receivable balance, adds new receivables and deletes payments to derive an ending quarterly balance. A listing by debtor with the total

outstanding balances agreeing to the financial statements does not exist. Auditors tested the supporting documentation for these receivables but were unable to reconcile the amounts to the totals reported in the financial statements. The differences were not material.

The Department does not perform a supervisory review of all amounts recorded in its GAAP packages and financial statements.

- During the testing of federal grant expenditures, the auditors determined that the Department is not reviewing the payments submitted by HFS. When HFS submits a request for payment to the Comptroller, a summary file is also sent to the Department which goes through an interface and is recorded into CARS (the Department's accounting system). An employee in Fiscal Services reconciles the payments between CARS and the Comptroller's office before accepting them into CARS. However, nobody within the Department is reviewing the detailed reports that the providers submit to HFS requesting payment, which are the support for the transactions recorded in CARS.

  The auditors went to HFS in order to review documentation supporting multiple expenditures that were selected for testing. Although HFS is a separate State agency, certain aspects of their activities and balances are recorded within the Department's financial statements. Currently, the Department receives summarized information from HFS and records the transactions into CARS and the GAAP packages. A high level overview of these schedules is performed including a comparison to the prior year amount and re-performance of the mathematical calculations/allocations. However a full understanding of the information provided by HFS is not obtained which would help identify amounts that might be inaccurate.

- In FY 2015 the Department began reporting a new fund "Commitment to Human Services Fund" (0644) which reports income tax receipts from the Illinois Department of Revenue and expenditures from the Department on Aging which were recorded on the Department's financial statements. During the auditors' testing of receipts and expenditures, we found that no documentation was maintained or reviewed by Department personnel to support the amounts recorded in the financial statements. The auditors were able to obtain and review information from those other State agencies.

A key contributor to the number of errors, system inefficiencies and lack of adequate system reports is the Department's accounting system CARS. CARS is not used as a complete general ledger and not all transactions and balances are reported in CARS. Certain receivables, payables

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

and capital assets are not reported in CARS. Certain payroll expenditures are added to CARS using manual entries. Additionally, the chart of accounts for all programs is not consistently utilized by all programs and departments. This makes extracting specific data from the system complex and time consuming.

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 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.

The Department indicated the financial reporting issues noted during the audit period were due to staff vacancies. In addition, approximately 60 GAAP reporting packages were required to be submitted within a short time frame with the limited (human) resources. In order to meet the State Comptroller's due dates for the GAAP reporting packages, DHS has to rely on information submitted by other agencies to the State Comptroller. DHS reviewed the other agencies' information for reasonableness, but did not review the information at a detailed level.

Under the current process, if not detected and corrected by the auditors, errors could occur which would materially misstate the Department's financial statements and negatively impact the Statewide financial statements. Accurate and timely statements 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. 2015-003, 2014-003, 2013-001, 12-1, 11-1, 10-1 and 09-1)

RECOMMENDATION:

We recommend management perform a thorough assessment of the year-end financial reporting process and determine the significant liability estimates that need to be re-evaluated. Also, the Department should work with management of HFS to gain a better understanding of the amounts reported in the Department's financial statements. Further, the Department should establish a control whereby financial information pertaining to activities and balances at HFS, the Department of Revenue and elsewhere are reviewed. The Department's accounting system CARS should be reconciled to the Comptroller's Statewide Accounting Management System (SAMS) each month in a timely manner. In addition, the Department should maintain support for all transactions and balances reported in its financial statements. The Department should also review its policy for requiring the collateralization of deposits with financial institutions.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

DEPARTMENT RESPONSE:

The Department agrees with the recommendation. The Department will perform a thorough assessment of the year-end financial reporting process and continue to make improvements to ensure accurate GAAP reporting forms and year-end financial statements.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-004 **<u>FINDING:</u>** **(**Child care program issues)

The Department of Human Services (Department) implemented the Child Care Management System (CCMS) in January 2014, despite known glitches and system issues and without executive management team approval, resulting in several implementation issues including service disruptions.

On January 14, 2014, the Department began using a new electronic CCMS to support the Child Care Assistance Program (CCAP). The system was implemented to streamline several processes and move towards a paperless system. Some of the features include online submission of applications and other forms. The new CCMS system is currently used by Child Care Resources and Referral (CCR&R) agencies throughout the State for eligibility determinations, notification of approvals, denials, and other related information. The Department has faced significant delays in eligibility determinations and payment processing as a result of the new web-based system.

The rollout of the program resulted in casework processing delays which also delayed payment to the childcare providers in the program. To increase the speed of payments to providers, the Department instituted automatic renewals for program participants in order to alleviate the backlog of eligibility determinations and the resulting payment backlog. In effect, case information from the previous eligibility period carried over into the new eligibility period. Cases that were re-determined through this processing shortcut were not reviewed. This process has continued at some level through December 2015. Management stated that the federal government was aware of this process change.

As a result of the known system issues, the auditors again requested a reconciliation from the Department's Child Care Tracking System (CCTS) which uses eligibility and other information from CCMS to authorize payments to providers, to the Department's CARS system, which is the accounting record (general ledger) for provider and other payments for FY 2015. The Department was able to reconcile the two systems within a reasonable amount; however, the following additional issues were discovered:

The CCMS system did not indicate the individual who completed each action in the CCMS "audit screen". The identifying information is also missing in the CCMS "documents tab" which shows who uploaded the documents into CCMS. The Department should have controls in place to ensure only authorized personnel make entries in CCMS. In order to monitor the activity in CCMS, there should be an audit trail showing who entered data into CCMS, who made changes to data in CCMS, and who reviewed the data in CCMS.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

Department management stated that the CCMS application has a defect causing the audit screen to not display the individual who completed actions in some scenarios. The individual audit information is captured and stored in the CCMS database; however, the individual name is not being displayed in all cases. The CCMS application needs to be fixed to properly display the individual audit information.

Child Care payments were made for children that were deemed ineligible according to the CCMS System. The Department issued automated eligibility extensions in order to increase the speed of payments and prevent backlog. During auditors' testing of federal grant expenditures, we noted one case where a child received services who was deemed ineligible in CCMS due to their age. The auto-extension process did not involve the eligibility status of records, only the previous child care arrangements. Upon further investigation, the Department reported that 812 children who became ineligible due to their age received childcare payments they were no longer eligible to receive totaling $1.7 million.

Department management stated that the auto-extension process allowed in 812 children turning 13 to remain in child care arrangements. A system error can be attributed to the other weaknesses noted.

Generally accepted information technology (IT) guidance endorses the implementation of system development standards that require new systems be properly approved, thoroughly tested and consistently documented. The standards require that systems have adequate written policies and procedures, adequate system written documentation, and adequate input, processing, and output controls. IT general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure the processing of transactions and information is performed in accordance with laws and regulations, including those pertaining to confidential information, and with management's design and intent.

The Department should continue strengthening controls to ensure only authorized personnel make entries in CCMS and child care payments are made only for eligible children. In order to monitor the activity in CCMS, there should be an audit trail showing who entered data into CCMS, who made changes to data in CCMS, and who reviewed the data in CCMS.

Improper use of the CCMS system audit screen reduces the likelihood that an adequate audit trail will remain if an unauthorized entry is made in the system. Provision of child care payments to children who are no longer eligible leads to a loss of State funds. (Finding Code No. 2015-004, 2014-005)

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

RECOMMENDATION:

We recommend the Department enforce use of the CCMS audit screen for all entries/documents added to the system.

Additionally, the Department should improve system controls to prevent further child care payments for children no longer eligible under the program due to their age. We further recommend that the Department perform regular reconciliations between the approved payments per the CCMS and actual payments per CARS, and investigate any differences.

DEPARTMENT RESPONSE:

The Department accepts the recommendation and has implemented corrective action to resolve the weakness identified.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-005 **FINDING:** **(**Inadequate detail maintained supporting DASA adjustments)

The Department of Human Services (Department) does not maintain sufficient detailed records in support of approved DASA (Department of Alcohol and Substance Abuse) adjustments and payments.

During our testing of expenditures for DASA, we noted the detailed DARTS report (Division of Alcohol and Substance Abuse Automated Reporting and Tracking System) that was provided in support of service providers' payments, did not have a total. As a result, auditors tried to add the MOBIUS service reporting (payments) from the service providers and compare it to the payment that was recorded into CARS. The two amounts did not agree because the Department's Office of Management Information Services (MIS) adjusted the monthly payments drawn from the provider's DARTS payment information. The Department does not retain detailed monthly adjustment information supporting the MIS adjustments (difference between what was entered into DARTS versus what was approved to be paid).

The process to record the Department's liability is initiated when a vendor inputs patient service information into DARTS for the treatment/services of a given patient. Per the Department, there are over 1,000 different codes that are used when determining what type of service was provided. MIS does a monthly extract that contains numerous edits. Currently, the payment extract data does not match the monthly services MOBIUS reports due to the MIS edits and detailed records in support of these amounts (adjustments) are not retained.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies 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.

A good system of internal control requires that support for all payment information, including adjustments, be maintained and reviewed by supervisory employees.

The Department stated that the DHS MIS extract report used for monthly reports, when developed, was designed to give aggregate amounts consistent with DHS CARS accounting cost centers/obligations. It was not designed to archive detail payment information and adjustments that impacted the monthly aggregate amounts. Once identified DHS MIS has had to retrace the DHS MIS processes in creating the Monthly Extract report, and engage the one MIS staff who understood how it was developed (who has since retired and came back temporarily on contract). In addition DHS MIS is unable to go back to prior dates to regenerate the history since no archive of the adjustments to the monthly earnings was developed and implemented. MIS has been working on this to develop and remedy this issue.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

Under the present system, inappropriate adjustments and payments could be made and go undetected by management of the Department. (Finding Code No. 2015-005)

RECOMMENDATION:

We recommend the Department develop a process whereby detail support for all adjustments is maintained and reviewed and approved by supervisory personnel within the DASA division.

DEPARTMENT RESPONSE:

The Department agrees with the finding. There is an outstanding MIS request from DHS-DASA to resolve this issue. DHS-DASA staff will continue to work with DHS-MIS to obtain these reports.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-006 **FINDING:** (Lack of due diligence and project management over the Integrated Eligibility System)

The Department of Healthcare and Family Services and the Department of Human Services (Departments) did not establish controls to conduct due diligence or ensure project management over the State of Illinois' Integrated Eligibility System (IES) development project.

In order to meet the requirements of the Affordable Care Act of 2010 (45 CFR 95.626), the Departments undertook a project to consolidate and modernize eligibility functions for several human service programs by October 1, 2013. Three contracts totaling $167.8 million were executed for the development, oversight, and independent verification and validation of IES.

From August through November 2015, the auditors made several requests to the Departments for documentation related to project management, systems development, and contractual requirements for IES. The Departments had to rely on the vendors to provide the required documentation to respond to the auditors' requests. Additionally, during this timeframe, the vendors did not provide complete and accurate information responsive to the requests.

Given the severity of issues noted and the potential impact to the Departments' and the State's financial statements, the auditors met with the Departments' management in December 2015 to discuss the lack of due diligence, lack of complete documentation provided, and the delays associated with responding to requests. From December 2015 through February 2016, the Departments worked with the vendors to provide the auditors with information regarding identified risks and the associated corrective actions.

Based on the information provided by the Departments, Phase One of IES went live on October 1, 2013 even though it had known problems, required manual workarounds, and encountered data integrity and downtime issues. Our review of documentation identified a significant number of critical deficiencies:

- The Departments did not conduct due diligence or assess the risks over the known problems at October 1, 2013.
- Over-reliance was placed on the vendors.
- System testing was inadequate and did not comply with development requirements.
- The Departments did not thoroughly review or assess testing completed by one of the vendors.
- Project management was lacking. For example, during the auditor's testing of compliance with contractual requirements, the Departments were unable to provide the information and had to request deliverables from the vendors. In addition, it was noted the vendors routinely reviewed and approved the deliverables, rather than the Departments.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

As a result of the lack of project management, IES did not accurately determine individuals' eligibility for various social service programs. See Finding 2015-007. In addition, the Departments did not implement adequate security controls over IES. See Finding 2015-008.

Departments' management stated the weaknesses identified were the result of an inadequate process for collection and retrieval of supporting documentation of management's review and approval of contract deliverables and executive decision-making related to the planning, development, testing, assessment of risk, and implementation of the system.

According to the contract, section 2.9, the State was responsible for reviewing the vendors' deliverables to ensure compliance with the contract and applicable federal and State laws. In addition, section 4.21 states all decisions related to or in connection with the implementation were the responsibility of the State.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states all agencies are to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable laws; and (2) obligations and costs are in compliance with applicable laws. In addition, generally accepted information technology guidance endorses the implementation of project management techniques to ensure computer system development activities meet management's objectives.

The Departments' lack of due diligence and an effective and controlled project management process over IES led to: additional project expenditures for revisions, the State's over-reliance on the contractors, system downtime, and a system that does not completely meet the needs of the State. (Finding Code No. 2015-006)

RECOMMENDATION:

We recommend the Departments establish controls over project management and due diligence, such as improving vendor relationships, monitoring, testing, etc. for major projects, such as IES.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

DEPARTMENT RESPONSE:

The Departments accept the recommendation. Following are some of the steps taken since June 2015 to establish improved due diligence and controls over project management:

- Appointed a senior state employee who is a certified Project Manager as IES Phase 2 Project Director to refocus project management on industry standard project management principles. Two additional project managers added to maintain focus on these principles.
- Instituted joint management of comprehensive project schedule encompassing state and vendor efforts.
- Implemented observation sessions to validate results of System Test stage before moving into User Acceptance Test stage.
- Extended timeline for Phase 2 to increase User Acceptance Test stage from 12 to 43 weeks.
- Created detailed requirements traceability matrix to enable thorough due diligence of defects and workarounds.
- Refocusing on quality by requiring vendor quality reviews and joint quality review meetings with vendor.
- Redefining project deliverables jointly with vendor to focus on quality and acceptable defect levels for deployment.
- Revamping change management, decision management and documentation of deliverable approvals.
- Restructuring the SharePoint library to assure all documentation is filed in it appropriately and is accessible.

The Departments will continue to work proactively to implement sound project management principles in order to prevent project management weaknesses in the future.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-007 **FINDING:** (Inaccurate determination of eligibility)

The Department of Healthcare and Family Services' and the Department of Human Services' (Departments) lacked internal controls to review the design and operation of the State of Illinois' Integrated Eligibility System (IES) to sufficiently prevent or detect defects that could cause inaccurate determinations of eligibility. As a result, the auditors noted IES did not accurately determine eligibility for human service programs.

In order to meet the requirements of the Affordable Care Act of 2010, the Departments undertook a project to consolidate and modernize eligibility functions for over 100 human service programs funded by the federal government and the State of Illinois. On October 1, 2013, the Departments implemented IES and utilized it for the intake of applications and the determination of eligibility for human service programs.

From October 1, 2013 through June 30, 2015, the Departments had:

	Fiscal Year 2014	Fiscal Year 2015
Applications submitted via IES	625,672	1,116,179
Applications approved via IES	514,499	894,680
Expenditures associated with applications approved via IES	$861,730,573	$3,307,145,211

In order to obtain social services, individuals are evaluated on hundreds of financial and non-financial criteria. To test the efficacy of IES' determination of eligibility for benefits, the auditors selected a sample of a subset of non-financial eligibility criteria including: residency, citizenship, and social security information.

The auditors tested all individuals which were approved within IES from October 1, 2013 to June 30, 2015, to ensure they were properly approved based on the eligibility criteria selected for testing. The testing identified multiple defects which resulted in individuals being improperly approved for certain programs. As a result of the defects identified, inappropriate expenditures were made to or on-behalf of individuals, totaling:

Fiscal Year	Individuals Inappropriately Approved	Department of Human Services Expenditures in Error	Department of Healthcare and Family Services Expenditures in Error
2014	751	$138,940	$1,294,177
2015	2,469	$338,931	$6,508,701

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

The more significant defects, which caused 3,220 individuals to be inappropriately approved, resulted in individuals being approved:

- Without meeting immigration requirements.
- Without verifications of citizenship.
- Without verification of residencies.
- Without valid SSNs or documentation of submitted SSN applications.
- For non-expedited Supplemental Nutrition Assistance Program (SNAP) benefits even though required citizenship information was not provided by a due date.
- For individuals who were not citizens and who did not provide other acceptable alternate information (i.e.; legal permanent residents, refugees, etc.).

Based upon the non-financial eligibility criteria tested, the noted total expenditures made in error were not considered material by either Department with respect to their financial statements, and therefore, no adjustments were made.

The Illinois Public Aid Code (Code) (305 ILCS 5) requires individuals to provide information related to their citizenship, residencies and SSNs. The Code also requires the Departments to verify, via a third party, the information provided by the individuals.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states all agencies are to establish and maintain a system of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable laws; and (2) obligations and costs are in compliance with applicable laws.

Departments' management stated the exceptions noted can be attributed to the complexity of the federal laws governing each program's eligibility rules. Additionally, the eligibility rules for medical programs were changing while IES was being designed and built because the Federal Centers for Medicare and Medicaid Services continued issuing guidance and promulgating regulations.

By inaccurately determining eligibility, the Departments have incurred and may continue to incur expenditures for ineligible individuals. Furthermore, due to the errors being the responsibility of the Departments, a decision was made not to recover the inappropriate payments. (Finding Code No. 2015-007) For related findings, please see Findings 2015-006 and 2015-008.

RECOMMENDATION:

We recommend the Departments implement controls over the review of the design and operations of IES and future development projects. The Department should also take corrective actions over all defects.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

In addition, we recommend the Departments evaluate all eligibility criteria within IES to ensure cases are being properly approved.

DEPARTMENT RESPONSE:

The Departments accept the recommendation. The Departments will ensure that controls over the review of the design and operations of IES are complete and fully documented. A sophisticated system is already in place for documenting, tracking and prioritizing correction of all identified defects. Because of the size and complexity of the benefit programs IES controls, the Departments will review IES on an ongoing basis to assure accuracy of all eligibility determinations, both approvals and denials.

As stated in the finding above, the Departments did not view the erroneous expenditures as material and therefore did not make adjustments to their respective financial statements. The incorrect expenditures referenced for FY15 represent approximately two tenths of one percent of all expenditures associated with applications approved via IES. As was the case for the cost of the errors found in this audit, the Departments expect any additional errors that may be found will not affect more than a small percentage of enrollees or expenditures and that a substantial majority of eligibility decisions made by IES are correct.

The Departments will not attempt to recover payments deemed as incorrect because Medicaid providers performed services for clients in good faith under those eligibility determinations. A small percentage of DHS clients also received benefits based upon the determination of eligibility at the time.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

2015-008 **FINDING:** (Lack of controls over the Integrated Eligibility System)

The Department of Healthcare and Family Services and the Department of Human Services (Departments) had not implemented adequate security, change management, or recovery controls over the State of Illinois' Integrated Eligibility System (IES).

IES was developed to consolidate and modernize eligibility functions and to comply with the Affordable Care Act of 2010. As such, IES was required to comply with specific federal and State security standards.

The auditors requested from both of the Departments specific information related to the security, change management, and recovery controls over IES. During the review of information provided, the auditors identified a significant number of critical deficiencies:

- Neither of the Departments or vendor provided complete and detailed information necessary to support the implementation of security controls, including compliance with the federal and State security standards.
- The auditors identified three individuals with Global Security Administration rights for whom evidence to support the need for such powerful access rights was not provided.
- Contrary to accepted security practices, users were required to provide their dates of birth and social security numbers in order to recover their User Identifications.
- Changes were made by vendor to the infrastructure that did not comply with approved change management procedures.
- An adequately developed and tested disaster contingency plan had not been completed.

In addition, during the Departments' own review of security controls, they noted:

- IES and its servers could be accessed without authentication.
- The Departments had not ensured the vendor was able to provide a listing of users who had powerful privileges, accounts, or passwords.
- The Departments had not ensured the vendor maintained documentation to verify the approval of access rights.
- The Departments had not ensured the vendor maintained a complete listing of users on the infrastructure devices.
- Devices were not properly configured resulting in incompatibilities between devices.
- The Departments had not ensured the vendor implemented only approved changes to the infrastructure.
- The Departments had not ensured State personnel had access to the infrastructure.

The Departments acknowledge these matters are the Departments' responsibility and this responsibility cannot be outsourced.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

According to the development vendor's contract, Section 3.4 of attachment C, the State is responsible for the network and security of the infrastructure in which IES resides.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to ensure the State's resources are used efficiently and effectively.

Generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide for safeguarding systems and data, suitable change management procedures, and the formal development and testing of disaster recovery plans.

Departments' management stated the primary focus was on gaining approval from federal CMS to connect IES to the Federal Data Services Hub by October 1, 2013.

The lack of adequate controls may lead to improper changes, access, and security flaws which result in inaccurate data and availability issues. (Finding Code No. 2015-008) For related findings, see Findings 2015-006 and 2015-007.

RECOMMENDATION:

The Departments should establish controls that ensure IES security is safeguarded, including monitoring the vendor's compliance with the security requirements outlined in the contract. Additionally, the Departments should work with the vendors to promote the use of best practices and ensure:

- IES security controls are adequately documented and comply with the required federal and State security standards.
- Access rights are appropriate, based on job duties, approved and documented, and periodically reviewed.
- All changes comply with approved change management procedures and are properly documented.
- An adequately developed and tested disaster contingency plan exists.
- State employees have access to the IES environment.
- Device incompatibility issues are resolved.
- An acceptable means for users to recover their User Identifications is implemented.

CURRENT FINDINGS (*GOVERNMENT AUDITING STANDARDS*)

DEPARTMENT RESPONSE:

The Departments accept the recommendation. Many of the control weaknesses identified during this audit were identified by the IES Security Officer, HFS Security Manager (IES Security Team) and Technical Team since April of 2015 and the Vendor has been engaged to develop plans to resolve all currently identified weaknesses and vulnerabilities. The Departments will continue to work with the vendor to resolve the other deficiencies noted during this audit.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-009 **FINDING:** (Inadequate execution of interagency agreements)

The Department of Human Services (Department) failed to adequately execute interagency agreements.

During the examination period, we noted the following:

- The Department did not have an interagency agreement with the Department of Healthcare and Family Services to govern the administration of the Home Services Medicaid Trust (Fund 0120). Total revenues and expenditures included in the Department's financial statements for the year ended June 30, 2015 were $263,207 and $243,925, respectively, expressed in thousands.

  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 and administrative controls, 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.

- During testing of interagency agreements between the Department and multiple other State agencies, 2 out of 40 (5%) interagency agreements sampled were not signed before the effective date. These agreements were signed between 55 and 168 days after the effective date.

  Good internal controls require the approval of agreements prior to the effective date. The Statewide Accounting Management System (SAMS) Manual (Procedure 15.20.30) indicates a contract is reduced to writing when the contract is signed by the vendor and then by more than one authorized agency representative at the earliest dated signature.

- The Department did not enter into intergovernmental agreements (IGA) with all sheriff offices, in order to collect incarceration data to compare if those individuals were still eligible for benefits administered by the Department.

  The Illinois Public Aid Code (305 ILCS 5/12-4.7b) requires the Department to enter into intergovernmental agreements to conduct monthly exchanges of information with the Illinois Department of Corrections, the Cook County Department of Corrections, and the office of the sheriff of every other county to determine whether any individual included in an assistance unit receiving public aid under any Article of this Code is an inmate in a facility operated by the Illinois Department of Corrections, the Cook County Department of Corrections, or a county sheriff.

CURRENT FINDINGS (STATE COMPLIANCE)

- The Department did not execute a signed interagency agreement for the purpose of preventing children and youth who are not otherwise abused or neglected from entering the custody or guardianship of the Department of Children and Family Services solely for the purpose of receiving mental health services. The Department has drafted an interagency agreement but has not completed the execution of an interagency agreement with the Department of Children and Family Services for the purpose of preventing children and youth from entering custody or guardianship of the Department of Children and Family Services.

  The Custody Relinquishment Prevention Act (20 ILCS 540/15) states that in order to intercept and divert children and youth at risk of custody relinquishment to the Department of Children and Family Services, within 180 days after the effective date of this Act, the Department of Children of Family Services, the Department of Human Services, the Department of Healthcare and Family Services, the Illinois State Board of Education, the Department of Juvenile Justice, and the Department of Public Health shall enter into an interagency agreement for the purpose of preventing children and youth who are not otherwise abused or neglected from entering the custody or guardianship of the Department of Children and Family Services solely for purposes of receiving services for a serious mental illness or serious emotional disturbance.

Department management stated that generally DHS does a very good job executing IGAs in a timely manner. However, DHS cannot control the internal processes by which other governmental agencies decide when and if to sign IGAs. The finding (pertaining to IGAs with all sheriff offices) exists due to the non-cooperation or unwillingness of county sheriff's departments in agreeing to share data with IDHS.

The Department enters into multiple agreements with other State agencies and other units of government. The purpose of the agreements is to assist the Department in fulfilling its mandated mission. In order to assess whether the agreement is reasonable, appropriate and sufficiently documents the responsibilities of the appropriate parties, the agreement needs to be approved prior to the effective date, include all proper documentation, and proper support for payments to vendors. Additionally, not executing final agreements that are mandated by law is noncompliance with that law. (Finding Code No. 2015-009)

RECOMMENDATION:

We recommend the Department execute all interagency agreements required by law. In addition, the Department should have all parties sign the agreements prior to the effective date. Further, the Department should enter into interagency agreements with the Department of Healthcare and Family Services, Department of Children and Family Services and the sheriffs' offices of every Illinois County (other than Peoria and Sangamon which have signed agreements).

CURRENT FINDINGS (STATE COMPLIANCE)

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The IGA with DCFS have been signed by DHS. DHS will continue its efforts to encourage its governmental partners to negotiate and sign IGAs as required by law.

The Department is mandated by state statute to enter into intergovernmental agreements with county sheriffs' departments in order to conduct monthly exchanges of information to determine whether incarcerated individuals are also included in SNAP, TANF, and/or Medical assistance units. There is no known mandate for county sheriff offices to cooperate or enter into the same intergovernmental agreements with IDHS.

IDHS staff, in order to achieve compliance with the statute, sent written requests for intergovernmental agreement cooperation to each Illinois County Sheriff in December, 2015, accompanied by a draft of the agreement. Those requests were met with only limited success. Only 10 county sheriffs agreed to send the monthly data. Additionally, the Illinois Sheriff's Association has indicated that they have discouraged the county sheriffs from entering into the agreements, as they believe negative action to an individual's SNAP and/or TANF case may result in a higher county jail recidivism rate.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-010 **FINDING:** (Noncompliance with statutory requirements at Department facilities for the use of restraints)

The Department of Human Services (Department) facilities did not comply with statutory requirements regarding the use of restraints.

During testing, the following exceptions were noted with regards to the use of restraints at 8 of the Department's facilities:

Chicago Read Mental Health Center

- Sixty-seven out of 159 (42%) employees at the Chicago Read Mental Health Center (Read Center) authorized to apply restraints did not receive their required annual training at the end of Fiscal Year 2015.
- Two out of 6 (33%) residents at the Read Center placed in restraints were not reported to the Center Director in writing within 24 hours of the use of the restraint.
- One out of 6 (17%) residents at the Read Center placed in restraints was not reviewed by the Center Director within 24 hours of use.
- One out of 6 (17%) residents at the Read Center placed in restraints did not have an order for Physical Hold to support the use of the restraint.

Elgin Mental Health Center

- Two out of 5 (40%) employees at the Elgin Mental Health Center (Elgin Center) authorized to apply restraints during Fiscal Year 2014 did not receive their required annual training.
- For 1 out of 6 (17%) residents at the Elgin Center placed in restraints, it could not be determined if the person who applied the restraint was appropriately trained in the use of restraints.
- One out of 6 (17%) residents at the Elgin Center placed in restraints, was restrained twice in a 48 hour period without the prior written authorization of the Center Director.

John J. Madden Mental Health Center

- Fourteen out of 222 (6%) employees at the John J. Madden Mental Health Center (Madden Center) authorized to apply restraints did not receive their required annual training at the end of Fiscal Year 2015.
- For 3 out of 6 (50%) restraint instances tested at the Madden Center, it could not be determined that the Center Director was informed in writing of the use of restraint within 24 hours. Also it could not be determined if the Center Director reviewed the restraint and inquired into the reason for the order of the restraint by the person who ordered it.

CURRENT FINDINGS (STATE COMPLIANCE)

Andrew McFarland Mental Health Center

- For 1 out of 6 (17%) residents tested at the Andrew McFarland Mental Health Center (McFarland Center), the restraint report noted the restraint was applied for one hour while the resident's file noted the restraint was applied for two hours and 55 minutes.
- For 1 out of 6 (17%) residents tested at the McFarland Center, a manual hold noted in the file did not appear on the report.

Clyde L. Choate Mental Health and Developmental Center

- For 1 out of 5 (20%) employees tested at the Clyde L. Choate Mental Health and Developmental Center (Choate Center) the employee did not receive the required annual training during Fiscal Year 2015.
- Twenty-eight out of 486 (6%) Choate Center employees authorized to apply restraints during Fiscal Year 2015 did not receive the required annual training.

Ann M. Kiley Developmental Center

- Four out of 6 (67%) employees tested at the Ann M. Kiley Developmental Center (Kiley Center) did not have the most recent training date listed on the Center's records for at least one type of restraint testing.
- Five out of 6 (83%) employees tested at the Kiley Center were not re-trained within 12 months of their previous training date. The employees were between 41 and 598 days late.

Ludeman Developmental Center

- Two out of 5 (40%) employees tested at the Ludeman Developmental Center (Ludeman Center) did not receive the required annual training. The employees' annual training was 59 and 268 days overdue as of the date of the listing provided by the Ludeman Center.

Mabley Developmental Center

- One out of 5 (20%) employees authorized to apply restraints at the Mabley Developmental Center (Mabley Center) during Fiscal Year 2015 did not receive their required annual training.
- One out of 5 (20%) residents placed in restraints at the Mabley Center was restrained twice in a 48 hour period without the prior written authorization of the Center Director.
- One out of 5 (20%) residents placed in restraints at the Mabley Center did not have the use or application of the restraint reviewed by the Center Director or Administrator on Duty (AOD).

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF FINDINGS
June 30, 2015

CURRENT FINDINGS (STATE COMPLIANCE)

The Mental Health and Developmental Disabilities Code (MH Code) (405 ILCS 5/2-108(a)) requires a written order of a physician, clinical psychologist, clinical social worker, clinical professional counselor, or registered nurse with supervisory responsibilities to employ the use of restraint. Section (405 ILCS 5/2-108(c)) of the MH Code requires the person who ordered the restraint to inform the Center Director or his designee in writing of the use of the restraint within 24 hours. Section (405 ILCS 5/2-108(d)) of the MH Code requires the Center Director to review all restraint orders daily and inquire into reasons for the orders for restraint by any person who routinely orders them. Section (405 ILCS 5/2-108(e)) of the MH Code states that restraints may be employed during all or part of one 24-hour period, the period commencing with the initial application of the restraint. However, once restraint has been employed during one 24-hour period, it shall not be used again on the same resident during the next 48 hours without the prior written authorization of the Center director. Finally, Section (405 ILCS 5/2-108(g)) of the MH Code mandates all employees authorized to employ restraints on patients receive training in the safe and humane application of restraints.

Further, Department of Human Services Administrative Directive (02.02.06.030) requires staff receive restraint training on an annual basis. The State Records Act (5 ILCS 160/8) states the head of each agency shall cause to be made and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Department management stated that the finding was due to staff oversight and changes in the statewide tracking system for trainings.

Failure to have adequate internal control over the use and application of restraints, and the training of persons administering restraints is noncompliance with the MH Code and could adversely affect the care and treatment of recipients and could subject the State to unnecessary legal risks. Furthermore, failure to re-train personnel within 12-month periods represents noncompliance with the Department's Policies and Procedures. Failure to retain complete and accurate records represents noncompliance with the State Records Act. (Finding Code No. 2015-010, 2013-032, 11-17)

RECOMMENDATION:

We recommend the Department establish comprehensive Department-wide internal controls over compliance with State mandates regarding the use of restraints that is applicable to all Centers. These controls should include requirements for training personnel on compliance requirements and should outline management oversight over compliance requirements.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will implement necessary controls with the Division of Mental Health (DMH) Centers and the Regional State-Operated Developmental Centers (SODC) Operations' oversight and monitoring to ensure compliance.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF FINDINGS
June 30, 2015

CURRENT FINDINGS (STATE COMPLIANCE)

2015-011 **FINDING:** (Other noncompliance with statutory requirements at Department facilities)

The Department did not comply with various mandates applicable to its facilities for administering pregnancy tests, monitoring facility visitors, resident admission, resident discharge, reporting resident deaths, providing dental examinations, and charging residents for services.

The Mental Health and Developmental Administrative Act (MH Act) (20 ILCS 1705/10.1) requires every woman of child-bearing age who is admitted to a Center under the jurisdiction of the Department, with her consent or the consent of her guardian, to be tested for pregnancy upon admission and thereafter as indicated.

During resident file testing, it was noted that 2 facilities failed to obtain a signed consent form prior to administering pregnancy tests to residents:

- At the Andrew McFarland Mental Health Center (McFarland), 11 out of 60 (18%) files did not include documentation of consent by the resident or her guardian.
- At the Ann M. Kiley Developmental Center (Kiley) 2 out of 60 (3%) residents received a pregnancy test before their guardian signed a consent form. The forms were signed 28 and 260 days after the pregnancy test was administered.

Section (20 ILCS 1705/47) of the MH Act requires the Center's Director to develop and implement written policies and procedures to insure that employees and visitors are properly identified at all times they are on the grounds of the Center. Additionally, the Center's Policy and Procedure (No. A62 Section I.A.2) developed in accordance with the MH Act requires visitors to display a valid Visitor's Identification Pass while on the property. This is obtained by signing in at the Switchboard in the Administrative Office. Additionally, it was determined through inquiry that visitors are also required to sign in when entering the Center's individual homes.

During our examination of facility procedures, it was noted that 1 facility failed to follow proper procedure:

- Two out of 5 (40%) visitors sampled at the Kiley Developmental Center did not sign in at the individual homes as required.

The Mental Health and Developmental Disabilities Code (MH Code) (405 ILCS 5/2-113(a)) requires that upon admission, the Center inquire of the resident if a spouse, family member, friend or an agency is to be notified of their admission. Good internal control requires employees to complete an admission form and maintain a copy of the admission form in the resident's file. The form should be signed by the employee making the inquiry of the resident.

Section (405 ILCS 5/2-113(c)) of the MH Code requires the Center to respond to inquiries regarding residents within 2 working days. If the recipient is located at the Center, the Center director must inform the recipient of the request and advise the recipient that disclosure of his presence at the Center will not obligate the recipient to have contact with the inquirer. No information may be disclosed unless the recipient consents in writing to the disclosure.

Section (405 ILCS 5/4-201(a)-201(b)) of the MH Code requires the Center Director to certify in writing within 30 days of the completion of the evaluation and every 30 days thereafter that the person has been appropriately evaluated, that services specified in the treatment and habilitation plan are being provided, that the setting in which services are being provided is appropriate to the person's needs, and that provision of such services fully complies with all applicable federal statutes and regulations concerning the provision of services to persons with a developmental disability. In all events, a treatment plan shall be prepared for the person within 3 days of admission, and reviewed and updated every 30 days.

During testing it was noted that 3 facilities failed to follow proper procedures relating to admissions of residents:

- For 1 out of 6 (17%) resident admissions tested at the Chicago Read Mental Health Center (Read Center), the name and date of the staff member admitting patients was omitted.
- For 6 out of 6 (100%) requests for information regarding residents at the Read Center, the Center did not document the action taken by the Center. As a result we were unable to determine if appropriate responses were made within 2 working days as required.
- Two out of 5 (40%) admitted patients at the John J. Madden Mental Health Center (Madden Center) had blank Notice of Admission Forms in their files.
- One out of 5 (20%) patients at the Madden Center did not have a Notice of Admission Form in their file and the Center could not provide it.
- For 6 out of 6 (100%) requests tested at the Madden Center, the Center did not appropriately document its responses to parties seeking information about recipients at the Center. As a result, we were unable to determine if the Center responded appropriately and within 2 working days.
- Five out of 6 (83%) resident files tested at the Madden Center did not include a certification by the Center's Director indicating the residents were appropriately evaluated.
- One out of 4 (25%) patient files tested at the Murray Developmental Center (Murray Center) did not contain documentation to substantiate a notification was made timely to the individual the recipient requested to be notified on the voluntary admission form.

Section (405 ILCS 5/4-201(a)-201(b)) of the MH Code requires any person admitted to a Department mental health Center who is reasonably suspected of being mildly or moderately intellectually disabled, including those who also have a mental illness, to be evaluated by a multidisciplinary team which includes a qualified intellectual disabilities professional designated by the Department Center director. The assessment must include a written assessment of whether the person needs a habilitation plan and a written determination of whether the admitting Center is capable of providing the specified habilitation services. The evaluation must occur within a reasonable period of time, but in no case shall that period exceed 14 days after admission. Section (405 ILCS 5/4-203(b)) of the MH Code states the Department shall ensure that a monthly report is maintained for each Department mental health Center, and each unit of a Department developmental disability Center for dually diagnosed persons, which lists whether or not there is a public or private guardian and whether the Center director has certified that appropriate treatment and habilitation are available for and being provided to such person.

During testing it was noted that 5 facilities had instances in which admission procedures, forms, and required reporting of disabled residents were not properly performed or completed.

- The Chester Mental Health Center (Chester Center) did not timely complete assessments and Habilitation/Service Determination Forms (Forms). Two out of 5 (40%) resident files tested included Habilitation/Service Determination Forms that were completed 5 days late.
- The Andrew McFarland Mental Health Center (McFarland Center) did not timely complete a Habilitation/Service Determination Form, and the patient's Individual Treatment Plan Review was not updated timely. One out of 3 (33%) resident files tested included a Habilitation/Service Determination Form that was completed 4 days late and 1 out of 3 (33%) resident files tested at the Center included a Treatment Plan that was completed 3 days late.
- The John J. Madden Mental Health Center (Madden Center) did not maintain the Center Director's certification that recipients have been appropriately evaluated for 5 out of 6 (83%) resident files tested.
- The Chicago Read Mental Health Center (Read Center) did not properly prepare the monthly report maintained for dually diagnosed persons at a Department Mental Health Center. One out of 6 (17%) residents tested had a different evaluation date in the monthly report maintained for dually diagnosed persons, from the resident's file.
- The Elgin Mental Health Center (Elgin Center) did not adequately complete its monthly reports for dually diagnosed persons. Four out of 4 (100%) reports tested did not include whether or not there is a public or private guardian for 2 to 8 individuals included on the reports. Additionally, 4 out of 4 (100%) reports listed 2 individuals that were not required to be included on the reports due to the individuals being discharged in previous months.

Section (20 ILCS 1705/15d) of the MH Act requires before any person is released from a Center operated or licensed by the Department, the chief administrative officer of the Center shall assess such person's need for subsistence benefits and services including food, shelter, clothing and medical care. The determination of the chief administrative officer and resultant action shall be recorded in the Center record.

CURRENT FINDINGS (STATE COMPLIANCE)

Section (405 ILCS 5/4-704(a)) of the MH Code requires the Center director to give written notice of the discharge to the client, if he or she is 12 years of age or older, to the attorney and guardian, to the person who is executed the application for admission and to the resident school district when appropriate, at least 14 days prior to the discharge of a client from a Department developmental disabilities facility under Section 4-701 or 4-702. The notice, except that to the school district, shall include the reason for the discharge and a statement of the right to object.

Section (405 ILCS 5/3-903) of the MH Code requires the Facility to give written notice of discharge to the recipient, his attorney, and guardian, if any. The notice shall include the reason for discharge and a statement of the right to object. Whenever possible, this notice shall be given at least 7 days prior to the date of intended discharge.

During our examination, we noted 3 facilities where resident discharge was not properly administered:

- For 1 out of 7 (14%) files tested at the Warren G. Murray Developmental Center (Murray Center), the Discharge/Transfer Summary was not approved by the Director of the Center. For 2 out of 5 (40%) files tested, the Murray Center provided discharge notices 14 and 17 days late. Additionally, for 1 out of 5 (20%) files tested, the file did not contain documentation the residents were provided with discharge notices.
- For 1 out of 9 (11%) resident's files at the John J. Madden Mental Health Center (Madden Center), the Notice of Discharge form was not completed.
- For 1 out of 13 (8%) resident files tested at the Andrew McFarland Mental Health Center, the file included a Notice of Discharge form that did not include the reason for the discharge.

Section (405 ILCS 5/5-100) of the MH Code requires written notice of death at mental health centers and the forwarding of patient information, including the patient's age, to the court entering the original admission order within 10 days of death.

During our examination, we noted 1 facility where patient deaths were not properly reported:

- At the Elgin Mental Health Center, there was an instance in which written notice of death was provided to the court late. For 1 out of 2 (50%) patients tested who passed away during the examination period, the Center failed to provide timely written notice of death to the court entering the original admission order. The notice was filed 31 days late.

Section (20 ILCS 1705/7) of the MH Act requires all recipients in a Department facility shall be given a dental examination by a licensed dentist or registered dental hygienist at least once every 18 months and shall be assigned to a dentist for such dental care and treatment as is necessary.

During our examination, we noted 1 facility where residents did not receive dental examinations as required.

- Three out of 5 (60%) resident files tested at the Andrew McFarland Mental Health Center (McFarland Center) did not have a dental examination performed at least once every 18 months. Additionally, 2 out of 5 (40%) resident files tested did not have the consultation report dated or not signed and dated by a licensed dentist or registered dental hygienist.

Under the Sexually Violent Persons Commitment Act (Act) (725 ILCS 207/90), each person committed or detained under the Act who receives services provided directly or funded by the Department and the estate of the person is liable for the payment of sums representing charges for services to the person at a rate to be determined by the Department.

During our examination, we noted the following:

- The Rushville Treatment and Detention Facility (Facility) did not implement a policy and rate structure for charging residents for services. The Department has drafted but not implemented policies and procedures on charging residents for services and a corresponding rate structure at the Facility. Currently, a resident may have access to assets to pay for services the Facility provides, but the resident would not be required to pay without a documented policy in place. As of June 30, 2015, the Facility had approximately 550 residents. The Facility expenditures for Fiscal Year 2015 and 2014 were approximately $26 million and $30 million, respectively.

Department management stated that the discrepancies noted were due to staff oversight. The Rushville Treatment and Detention Facility (Facility) has developed a rate structure and drafted language that directs the rate structure, but it is currently being held up in the review and approval process with the Joint Committee on Administrative Rules (JCAR) and is not anticipated to be established until the end of Fiscal Year 2016.

Failure to comply with State laws could adversely affect the care and treatment of individuals as well as impact the operations of the Centers and is noncompliance with the law. (Finding Code No. 2015-011, 2013-032, 11-17)

RECOMMENDATION:

We recommend the Department establish comprehensive Department-wide internal controls over compliance with State mandates applicable to all Centers. These controls should include requirements for training personnel on compliance requirements and should outline management oversight over compliance requirements.

CURRENT FINDINGS (STATE COMPLIANCE)

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will implement necessary controls with the Regional State-Operated Developmental Centers (SODC) and the Division of Mental Health (DMH) Centers Operations' oversight and monitoring to ensure compliance.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-012 **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 managed by the Department's Division of Rehabilitation Services. These weaknesses were first noted in a review of the Home Services Program that Department management had performed in Fiscal Year 2005.

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 the use of a variety of services, the most prevalent of which is the use of individual caregivers known as Personal Assistants. During fiscal years 2015 and 2014, the Home Services Program maintained 44 field offices and, over the course of fiscal years 2015 and 2014, on behalf of the customers, paid 36,796 Personal Assistants $427,297,564 and 37,652 Personal Assistants $394,575,245, respectively. Personal Assistants are hired, supervised, and fired by the customer. Therefore, 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 timesheets.

Through testing and discussions with Home Services Program personnel, it was determined the following weaknesses were still prevalent during the current examination period:

- There was insufficient monitoring of case files to ensure program objectives were being met. There were an average of 38 supervisors at 44 field offices to monitor Home Services Program activities. On average, each supervisor was responsible for approximately 797 case files during Fiscal Years 2015 and 2014. During the previous examination period, the statewide average responsibility per supervisor was approximately 803 case files. There were an average of 148 counselors with an average caseload of approximately 202 case files during Fiscal Years 2015 and 2014. During the previous examination period, the statewide average per counselor was approximately 216 case files.
- The customer receiving services is to be visited by the Case Counselor once annually and the counselor is to perform a redetermination of need. In circumstances of a traumatic brain injury, the customer is to be visited twice annually. Testing noted 7 out of 20 personal assistants (35%) had payments approved without a current service plan. The services performed ranged from 25 to 519 days after the next redetermination period as indicated on the customer's service plan. Therefore, redeterminations are not being performed timely.
- In 7 out of 20 (35%) tested, the service plan was not up to date. The annual (or semi- annual for traumatic brain injury) reassessments had not been performed for 25 to 519 days. This allowed the Personal Assistant hours to be limited and the pay calculated based upon out of date service plans, regardless of the current care need of the customer. The hours paid during testing were 570.70 hours totaling $7,082.

CURRENT FINDINGS (STATE COMPLIANCE)

The Disabled Persons Rehabilitation Act (20 ILCS 2405/3) establishes the Department's powers and duties for the Home Services Program. The Illinois Administrative Code (Code) (89 Ill. Admin. Code 682.410) establishes the redetermination time frames for customers served under standard Medicaid waivers. In addition, the Code (89 Ill. Admin. Code 682.410(a)) requires the redetermination to be performed at least every 12 months or whenever there is a change in his/her condition or situation that may affect his/her ongoing eligibility. Further, the Code (89 Ill. Admin. Code 682.410(c)) addresses customers served with a brain injury and such customers must have their eligibility redetermined at least every 6 months, or when there is a change in his/her condition or situation that may affect his/her ongoing eligibility.

Department management stated that staffing levels and the overall scale of the program contribute to the issues identified.

Lack of adequate review, monitoring and staffing over the Home Services Program combined with the size and decentralization of the program greatly increases the chance of fraud and abuse within this program. (Finding Code No. 2015-012, 2013-010, 11-12, 09-15, 07-7, 05-4)

RECOMMENDATION:

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

- Perform customer redeterminations in accordance with the Department's Administrative Rules governing the Home Services Program.

- Improve monitoring by assigning additional staff resources or by enacting alternative means for monitoring program activities.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department is enhancing its procedures to strengthen internal controls over the Home Services Programs. The Division of Rehabilitation Services (DRS) intends that the ongoing improvements to the systems and procedures will address the areas that the auditors have identified as weaknesses.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-013 **FINDING:** (Weaknesses in processing personal assistants payments)

The Department of Human Services (Department) did not have adequate internal controls for processing its Rehabilitation Services' Personal Assistants timesheets within the Statistical Tracking and Retrieval System (STARS) payroll system or within the new Electronic Visit Verification (EVV) system.

During testing we noted the following:

- No supervisory approval was required for overriding system warnings associated with service plan overages or more than 1 timesheet per pay period.
- No formal Central Office review procedures existed to ensure a Personal Assistant was not paid more than permitted.

The Department implemented the EVV system during the examination period, in which Personal Assistants call in when they arrive and when they leave each customer. The EVV Phone System was activated in January 2014 and was available for use in May 2014. Mandatory use was initiated in January 2015, while EVV did not "drive" the payments until July 1, 2015. In July 2015 the system interfaced directly into the Payroll system. During the transition to the new system, and current situations in which a phone cannot be used, manual processes were still involved with the STARS system. Also, manual adjustments are often made to fix any errors of the system, such as calling in upon arrival but forgetting to call in before leaving the customer. There are no Department-wide policies and procedures in place regarding manual adjustments made to the system, including if supervisory approval is needed to make these types of changes or the manner and frequency in which exceptions reports are created and reviewed.

During testing of Personal Assistants' timesheets to payroll, we identified the following exceptions:

- In 5 out of 20 (25%) tested, it was noted that hours paid to the Personal Assistant varied from the hours recorded on the timesheet. This resulted in an overpayment of 19.08 hours for a total of $248.
- In 4 out of 20 (20 %) tested, the Personal Assistant was paid for more hours than allowed by the service plan. This resulted in 33.70 hours totaling $400 of unallowable payroll.

Generally accepted information technology (IT) guidance requires systems have adequate written policies and procedures, as well as input, processing, and output controls. IT general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure the processing of transactions are performed in accordance with laws and regulations and with management's design and intent. The Disabled Persons Rehabilitation Act (20 ILCS 2405/3) establishes the Department's power and duties for the Home Services Program. The Illinois Administrative Code (Code) (89 Ill. Admin. Code

CURRENT FINDINGS (STATE COMPLIANCE)

682.410) establishes the redetermination time frames for customers served under standard Medicaid waivers. The Code (89 Ill. Admin Code 682.410(a)) requires the redetermination to be performed at least every twelve months or whenever there is a change in his/her condition or situation that may affect his/her ongoing eligibility. The Code (89 Ill. Admin. Code 682.410(c)) addresses customers served with a brain injury and states that such customers must have their eligibility redetermined at least every six months, or when there is a change in his/her condition or situation that may affect his/her ongoing eligibility.

Department management stated that the period of review was the transition period from a process of paper timesheets to the full roll out of the EVV system.

Failure to establish adequate internal controls over processing payroll, including reconciliation procedures and eligibility redeterminations, results in the Department incorrectly processing payments to Personal Assistants. (Finding Code No. 2015-013, 2013-011, 11-15)

RECOMMENDATION:

We recommend the Department

- Establish formal Department-wide procedures for processing Personal Assistant payroll, including procedures for reviewing the accuracy of timesheets prior to entry into the system. Procedures should address monitoring of the payroll process to ensure timesheets are completed properly and a Personal Assistant is not paid more than permitted.
- Require supervisory approval to override system warnings associated with service plan overages or more than one timesheet per pay period. A record of these override approvals should be maintained and reviewed.
- Perform a reconciliation of Personal Assistant timesheets to the payroll warrants.
- Perform eligibility redeterminations in accordance with the requirements outlined in the Department’s Administrative Rules governing the Home Services Program.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department believes that the changes implemented in the audit period have effectively addressed this finding going forward.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-014 FINDING: (Inadequate monitoring of provider agencies)

The Department of Human Services (Department) did not adequately monitor provider agencies who were Division of Rehabilitation Services grant/award recipients.

Programs administered through the Department's Division of Rehabilitation Services accounted for $63 million of the $5.24 billion (1%) of the Department's grants/awards expended in fiscal year 2015 and $62 million of $5,097 million (1%) of its grants/awards expended in fiscal year 2014. The Independent Living Program accounted for $1 million during fiscal year 2015 and $678,000 during Fiscal Year 2014. During testing we noted the Independent Living Unit implemented an internal paper review process, where information was received from all 22 providers during Fiscal Year 2015 and combined for Federal Reporting purposes. However, no formal processes and procedures had been developed in order to report back to the providers any issues noted in a timely and systematic manner.

Testing of the Department's monitoring of the Division of Rehabilitation Services' grant/award agreements with its independent living program provider agencies also revealed the following:

- No on-site monitoring for any of the providers in the Independent Living Program had occurred during fiscal years 2014 and 2015. According to the Community Rehabilitation Program (CRP) Manual, the DHS/DRS Program Advisor is to perform on-site reviews of all contracted CRPs no less than every 3 years.
- For one of the 3 providers tested, monitoring of Fiscal Year 2015 was conducted on December 8, 2015 with a report issued January 14, 2016 and a corrective action plan received February 29, 2016. Both the report issued and corrective action plan were after the 30 day requirement per statute. Additionally, the other two providers tested did not have an on-site monitoring visit since 2009 and 2006. The Illinois Administrative Code (89 Ill. Admin. Code 530.10(e)), requires a written report be sent to the providers within 30 calendar days after the evaluation.

Department management stated staffing vacancies and a lack of a smooth transition led to instances where on-site reports were not completed timely.

Failure to adequately monitor provider agencies decreases the Department's accountability over these funds increasing the risk of fraud and abuse and results in noncompliance with the Administrative Rules. (Finding Code No. 2015-014, 2013-012)

RECOMMENDATION:

We recommend the Department allocate sufficient resources to improve compliance with the Department's Administrative Rules for monitoring provider agencies who were Division of Rehabilitation Services grant/award recipients.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Division will review our current resource allocation and adjust as appropriate to ensure compliance with monitoring providers.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-015 **FINDING:** (Weaknesses in conducting annual eligibility redeterminations for KidCare (ALL KIDS))

The Department of Human Services (Department) does not have adequate controls over eligibility redeterminations and, as a result, 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 (215 ILCS 106).

The Department is responsible for eligibility determinations or redeterminations of the ALL KIDS program. The Department of Healthcare and Family Services (HFS) is responsible for overall program administration.

The ALL KIDS Act (215 ILCS 106/20(b)) requires that a child who is determined to be eligible for assistance must reapply or otherwise establish eligibility at least annually. Additionally, 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.

Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act (215 ILCS 170/63) and directed the Auditor General to annually audit the ALL KIDS program. In February 2016, the Office of the Auditor General released its report of the Program Audit of the Covering All Kids Health Insurance Program which focused on the EXPANDED ALL KIDS program. Since the EXPANDED ALL KIDS program is a subset of a much larger ALL KIDS program, the findings are relevant to the program as a whole.

Based on the Office of the Auditor General's February 2016 Program Audit of the Covering ALL KIDS Health Insurance Act, of the 28,695 EXPANDED ALL KIDS recipients that required an annual redetermination of eligibility in FY14, 6,625 (23%) were not redetermined annually as required. Testing for FY15 found that of the 29,881 EXPANDED ALL KIDS recipients that required an annual redetermination of eligibility, 3,715 (12%) were not redetermined annually as required.

Department management stated that an increasing number of overdue redeterminations exist due to the absorption of cases that would have previously been eligible for administrative renewal; start up issues and time spent on process development with Maximus; and the amount of time spent on staff development for new hires. The audit period was met with a learning curve as staff became acclimated to the newly developed system and its functionality.

Failure to perform active annual eligibility redeterminations could allow ineligible recipients to receive services and result in noncompliance with the Acts. (Finding Code No. 2015-015, 2013-036, 11-43, 09-39, 07-30, 05-34).

CURRENT FINDINGS (STATE COMPLIANCE)

RECOMMENDATION:

We recommend the Department allocate additional resources to the ALL KIDS eligibility redetermination process and establish an internal control whereby benefits are not provided until such redeterminations are complete.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Illinois Department of Human Services (DHS) will continue to work with the Department of Healthcare and Family Services (HFS) to review current processes for performing eligibility redeterminations and consider changes necessary to ensure all redeterminations are performed within prescribed timeframes.

DHS and HFS have allocated additional resources by setting up 4 specialized central redetermination units across the state to handle most medical only redeterminations. Staff in these units specialize in working in the new Max-IL system, developed by Maximus, that records and stores redetermination information, forms, and verifications.

As the Illinois Department of Healthcare and Family Services is the single state Medicaid agency, any policy changes related to stopping medical benefits until the redetermination is made would need to be implemented by them.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-016 **FINDING:** (Inadequate controls over the Department of Human Services Act)

The Office of the Inspector General (OIG) has not fulfilled recommendations made in the program audit of the OIG.

In December 2010, the Office of the Auditor General released its report of the Program Audit of the Office of the Inspector General, Department of Human Services. The audit was conducted pursuant to Section 1-17(w) of the Department of Human Services Act (Act) (20 ILCS 1305). This Act requires the Auditor General to conduct a program audit of the Department's Office of the Inspector General (OIG) on an as-needed basis, as determined by the Auditor General.

During the current compliance examination, the auditors followed up on the implementation of the outstanding recommendations, as follows:

> "The Office of the Inspector General should update its interagency agreements with other State agencies that have investigatory powers." (Recommendation 2)

We followed up on this recommendation during the current compliance examination and noted the Department has an expired agreement with the Illinois Department of Public Health and no interagency agreement with the Department of Children and Family Services. In regards to the Department of Children and Family Services, in April 2012, a member of the Department's legal counsel determined the interagency agreement with the Department of Children and Family Services was no longer necessary because the Department does not operate units for minors and the Department of Children and Family Services statute does not allow it to conduct redundant investigations. However, this was a discussion amongst different divisions within the Department and was not an official legal determination. During the 2015 compliance examination, we followed up and the OIG had the same position regarding the interagency agreement with the Department of Children and Family Services. The OIG is required to investigate any allegations of abuse or neglect at State facilities or community agencies that the Department licenses, funds, or certifies. The Department would still need an interagency agreement in place with the Department of Children and Family Services in order to ensure that a duplication of investigations is not occurring.

> "The Office of the Inspector General should continue to work to improve the timeliness of investigations of abuse and neglect. The OIG should also work to improve the timeliness of investigations conducted by Clinical Coordinators, especially death investigations." (Recommendation 3)

We followed up on the implementation of the recommendation during the current compliance examination and noted that the recommendation had been partially implemented. During Fiscal Year 2015, the average time of completion for all Department OIG investigations increased from 78.6 days in Fiscal Year 2014 to 95.5 days in Fiscal Year 2015, which omitted time for delays necessitated by pending Illinois State Police or local law enforcement investigations. The average does not fall within the required 60 days and the timeliness of investigations has not improved. The average time for Clinical Coordinators, however, improved from 112.9 average days in calendar year 2014 to 74.2 days in calendar year 2015. Steps taken by the OIG to improve timeliness include relocating staff, requesting additional staff, and the creation of a Clinical Coordinator Department with all Clinical Coordinators reporting to the same Bureau Chief.

> "The Office of the Inspector General should assign all allegations to an investigator within one working day and complete all investigative plans within three working days as is required by OIG directives." (Recommendation 4)

We reviewed implementation of the recommendation during the current compliance examination and noted the recommendation had not been implemented. Although the Office of the Inspector General indicated that they assign investigations within one working day when possible, delays occur due to backlog of intakes, absence of supervisors, and an initial law enforcement referral. The database has been programmed to send an email to an investigator when the Bureau Chief assigns him/her a case. Additionally, Bureau Chiefs are responsible for ensuring that investigative plans are completed within 3 working days.

> "The Office of the Inspector General should continue to work with State facilities and community agencies to ensure that allegations of abuse or neglect are reported within the time frame specified in the Department of Human Services Act and OIG's administrative rules." (Recommendation 5)

During the current compliance examination, we reviewed whether allegations of abuse or neglect were reported within the time frame specified in the administrative rules and noted that the recommendation had been partially implemented. During Fiscal Year 2015, 8.29% of allegations reported to the OIG by staff of the community agency or facility where the alleged abuse or neglect occurred were reported late, an increase of 0.25% from Fiscal Year 2014. If an allegation is reported late, the database will flag the allegation and the field investigator will investigate as to why it was late. The final investigative report will cite the agency or facility for late reporting and the written response will indicate corrective action required. Additional efforts to improve timeliness include a review of all community agency internal policies on reporting to ensure each one contains accurate reporting timeframes, as well as providing training sessions to facility and agency staff each year that covers timely reporting.

> "The Office of the Inspector General should use the annual site visit process to target and examine areas at individual facilities where other investigations and/or reports have identified systemic resident safety concerns, such as the underreporting of abuse and neglect. Furthermore, if State facilities repeatedly fail to take corrective action on matters raised by OIG site visits or arising out of other investigations, the Inspector General should

> also consider making recommendations, up to and including sanctions, to ensure the safety of State-operated facility residents." (Recommendation 8)

During previous compliance examinations, the Office of the Inspector General indicated they were using the annual site visit process to target and examine areas at individual facilities. In addition, the Office of the Inspector General stated they will consider making recommendations to ensure the safety of State-operated facility residents. During the current compliance examination, we noted that the OIG has continued to fail to recommend sanctions to facilities. The Department stated the OIG considers issues raised in investigations during the site visit issue selection process. Each year, repeat recommendations exist and they are reviewed during the site survey process. If the facility has a realistic and appropriate plan in place the OIG notifies the program division of the finding and plan and continues to monitor progress. During fiscal year 2014 and 2015, the Department made 7 second-year recommendations and 3 third-year recommendations. No sanctions were involved, however, the OIG requested the assistance of the Division of Developmental Disabilities to explore ways to resolve the issue that occurred for a third consecutive year. The Department still appears to have an issue with addressing site visit recommendations not implemented for multiple years.

> "The Secretary of the Department of Human Services and the Inspector General should continue to work with the Governor's Office to get members appointed to the Board as promptly as possible, in order to fulfill statutory membership requirements (20 ILCS 1305/1-17(u)). Staggering the terms of members should be used in order to ensure membership." (Recommendation 9)

During the current compliance examination, we reviewed implementation of the recommendation and noted that the recommendation has not been implemented. Although a quorum met for each quarterly meeting during both Fiscal Year 2014 and 2015, the Board was unable to maintain seven members as required.

Failure to implement adequate internal controls over the Department of Human Services Act results in noncompliance and could impact decisions made by the Governor, the Secretary, the director of the facility or agency, or others impacted by the noncompliance. (Finding Code No. 2015-016, Program Audit of the Office of the Inspector General (December 2010))

CURRENT FINDINGS (STATE COMPLIANCE)

RECOMMENDATION:

We recommend the Department implement the recommendations as reported in the Program Audit of the Office of the Inspector General that was released in December 2010.

DEPARTMENT RESPONSE:

The OIG accepts the recommendation. The OIG will update its IGA with DCFS, will continue to streamline our processes to improve in the assignment of cases and investigative plan completion, work with agencies and facilities to reduce the number of late reports, revise our Sanctions directive to memorialize OIG's referral process of issues to the divisions, and will continue to work with the Quality Care Board, the DHS Secretary and the Governor's Office to fill the vacant seats on the QCB.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-017 **FINDING:** (Voucher processing, policies, approvals and payment)

The Department of Human Services (Department) did not perform an adequate level of supervisory review over the processing, approval and payment of vouchers as required by the Illinois Administrative Code and Department policy.

Voucher Processing and Payment Testing

Testing of 660 vouchers was performed across the following areas: personal services, contractual services, travel, commodities, printing, equipment and property, EDP, telecommunications, operation of automotive, awards and grants and lapse period.

During voucher testing it was noted that the Department did not review each vendor's invoice and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the voucher in whole or in part, within 30 days after the receipt of the bill, as follows:

Area:	No. of Exceptions	Range of Days Late	Voucher Sample Total
Printing	8	7 to 68	$ 16,261
Operation of Automotive	6	3 to 96	12,047
Lapse period	2	2 to 32	218
EDP	16	3 to 109	27,531
Travel	18	3 to 220	2,712
Contractual services	11	1 to 97	160,843
Commodities	7	1 to 58	24,499
Property and equipment	9	8 to 66	8,931
Awards and grants	4	1 to 18	19,796
Total	81		
Total rate of occurrence	12.3%		

Also, 5 out of the 60 (8%) EDP vouchers types tested did not provide a requisition or other obligating document with the voucher support. The vouchers totaled $15,706. Agency policy requires internal approval by the Department of Management Information Systems (MIS) before EDP purchases are made.

During testing of the 660 vouchers, it was noted that the Department's required interest penalty payments, which were incurred due to late payment of invoices from various vendors, were not submitted to the Illinois Office of the Comptroller (IOC) for the following selections:

Area:	No. of Exceptions
Printing	4
Travel	1
Commodities	3
Property and equipment	2
Awards and grants	2
Total	12

It was noted that all the interest exceptions above occurred during Fiscal Year 2015 and we determined that most of the required interest penalty payments incurred were not submitted to the Illinois Office of the Comptroller (IOC) due to the following reasons:

- The Department attempted to process Prompt Pay Interest Penalty (PPIP) vouchers after the IOC deadline. Further the PPIP vouchers could not be paid during Fiscal Year 2016 as a result of the budget impasse.
- During the Fiscal Year, various appropriations did not have enough funding for the amount of interest that had to be paid. The requirement is that the interest penalty must be paid from the same appropriation as the initial voucher that was paid late.

Upon further testing of the population of all interest penalty payment vouchers, approximately 964 interest penalty payment vouchers were processed to some extent during FY 2015, totaling $359,550. Of that total, approximately 681 interest penalty payment vouchers (71%), which totaled $304,474, were not fully processed with the IOC nor paid to vendors as required.

Purchasing Policies

Although the Department has policies and procedures governing purchases greater than $10,000, the Department does not have agency specific purchasing policies in place for amounts under $10,000. During testing, it was noted that the Department provided varying documentation as support for expenditures. The Department appears to allow each Business Office discretion to determine the procurement method and the documentation to be retained for procurement amounts under $10,000, rather than maintaining an agency-wide process. For example, some Business Offices require an approved obligating document prior to a purchase and some do not. Neither the Department nor individual Business Offices have documented their policies and procedures in writing. Also, individual Facilities have their own Business Office and seem to have even more discretion in their purchasing process.

CURRENT FINDINGS (STATE COMPLIANCE)

Approvals

We also noted additional weaknesses in controls over voucher processing. It was noted that the Office of Fiscal Services Division, Bureau of Expenditure Control, has the responsibility for the third and final agency approval function for all Department expenditures. We noted one third level approver who was not included on the original listing of third-level approvers provided during voucher testing. The Department could not provide authorization support for why this individual was given third-level approval.

The Illinois Administrative Code (74 Ill. Adm. Code 900.70) requires the Agency to review each vendor's invoice and either deny the bill in whole or in part, ask for more information necessary to review the bill; or approve the voucher in whole or in part, within 30 days after the receipt of the bill. The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) requires that bills be paid or the payment issued to the payee within 90 days of receipt of a proper bill or invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 1.0% of any amount approved and unpaid shall be added for each month until final payment is made.

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 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 management stated untimely approval of vendor invoices is attributable to staff oversight and/or competing priorities.

Failure to timely review, approve and process vouchers for payment results in late payment to vendors and interest penalties being levied against the Department. Failure to establish and document policies and procedures for small purchases for each Business Office and Center increases the likelihood that a purchase could be made that is not in accordance with the appropriated purpose of the Business office or Center. (Finding Code No. 2015-017, 2013-017, 11-24)

RECOMMENDATION:

We recommend the Department increase the level of supervisory review of the voucher process. Supervisors should allocate adequate resources to the area and direct that staff follow established policies so that invoice vouchers are processed and paid in a timely manner to limit interest penalties. Interest amounts determined to be owed should be provided to the IOC prior to the deadline. We recommend the Department develop and document agency wide policies and procedures for small purchases that are consistent for all Business Offices and Centers.

CURRENT FINDINGS (STATE COMPLIANCE)

DEPARTMENT RESPONSE:

The Department accepts the recommendations. The Department currently requires three levels of approvals and will ensure controls are followed. A reminder will be sent to appropriate staff to process vouchers timely. The Department will ensure the interest amounts owed are submitted to the IOC prior to the deadline. In addition, the Department will develop agency-wide procedures to address the small purchase issue.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-018 **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. In addition, the Department did not file accurate agency workforce reports or enforce Economic Interest Statement requirements per statute.

Employee File Testing

During testing of employee payroll and personnel files at the Central Office, we noted the following exceptions:

- In 16 of 60 (27%) payroll files tested, voluntary withholding payroll deduction authorization requests were not maintained in the files. The items missing included union deduction cards, insurance deduction cards, credit union deduction cards, and association deduction authorization cards.
- In 1 of 60 (2%) personnel files tested, the pay rate per the CMS-2 on file did not match the employee's actual pay. The difference was $59.
- During testing of employees who incurred overtime, we noted 2 of 20 (10%) employees tested had overtime amounts included in the calculation of lump sum pay when prohibited, based on their status. Total overtime paid was $2,025 and this amount has not been recouped and both employees have since terminated their employment.
- During testing of employee vacation, we noted 1 of 22 (5%) sampled did not have supporting documentation for the vacation request.
- During testing of employees on leave of absence, we noted 1 out of 9 (11%) employees had a leave of absence term past the date in which the employee returned to work. This timekeeping error resulted in the employee not being paid for those days they returned early. A supplemental payment was made to these employees in the month following their return,

The Voluntary Payroll Deductions Act of 1983 (Act) (5 ILCS 340/4) states that 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 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.

Department Administrative Directive 01.02.02.170 regarding time and attendance records states that: the Department will maintain accurate and current records of employee time and attendance and employees are responsible for completing the DHS Attendance Sheet (IL444-4605) on a daily basis; employees will receive a Monthly Attendance Record Report (AM027001) for their review; and they are to review the AM027001 and determine whether it accurately reflects time spent on official State business.

CURRENT FINDINGS (STATE COMPLIANCE)

Fringe Benefit Testing

During testing of fringe benefits of employees with personally-assigned vehicles, we noted the following exceptions:

- Two out of 17 (12%) Quarterly Reporting of Commuting Reports could not be located.
- Three out of 9 (33%) selections from the Employee Assigned Vehicle Listing were not updated accordingly.
- One out of 9 (11%) amounts denoted on payroll vouchers as paid for fringe benefit amounts did not agree to the amount reported on the W-2 confirmed with the Comptroller's Office by $120 ($213 reported on the W-2 and $93 on the payroll voucher).

The Department's Administrative Directive 01.05.05.070 states that employees operating a personally-assigned, State-owned vehicle are required to report each quarter the number of days the State vehicle was used for commuting purposes and are to be charged a fringe benefit in the amount of $3.00 per day of use. The Quarterly Report of Commuting (IL444-4723) shall be submitted to the Central Payroll office, and if no report was received, the employee will automatically be charged for the entire quarter the report was not received.

In addition to the specific citations referenced above, the State Records Act (5 ILCS 160/9) states that the head of each agency shall establish, and maintain an active, continuing program for the economical and efficient management of the records of the agency.

Agency Workforce Report Testing

During the examination, we determined that the Department's FY13 and FY14 Agency Workforce Reports contained the following variances between the numbers and percentages in the report versus the numbers and percentages contained in the Department's supporting records:

2013 Agency Workforce Report variances

Schedule Row / Column Names	As stated Within the Agency Workforce Report No. / Percentage	As stated Within the Supporting Records No. / Percentage
Income 60,000 – 69,000 / Hispanic Females	138 / 6%	139 / 6%
Contractual / Caucasian Males	23 / 17	29 / 18.6
Contractual / Caucasian Females	70 / 51.9	80 / 51.3

CURRENT FINDINGS (STATE COMPLIANCE)

2014 Agency Workforce Report variances

Schedule Row / Column Names	As stated Within the Agency Workforce Report No. / Percentage	As stated Within the Supporting Records No. / Percentage
Income $20,000 - $29,999 / Physically Disabled Females	8 / 1%	0 / 0%
Income $30,000 - $39,999 / Physically Disabled Females	23 / 1	8 / 1

The State Employment Records Act (5 ILCS 410/15(a)) requires State agencies to collect and maintain information and publish reports including but not limited to the following information arranged in the indicated categories:

i. The total number of persons employed by the agency who are part of the State work force and the number and statistical percentage of women, minorities, and physically disabled persons employed within the agency work force;
ii. The total number of persons employed within the agency work force receiving levels of State remuneration within incremental levels of $10,000, and the number and statistical percentage of minorities, women, and physically disabled persons in the agency work force receiving levels of State remuneration within incremented levels of $10,000;
iii. The number and percentage of open positions of employment or advancement in the agency work force filled by minorities, women, and physically disabled persons, reported on a fiscal year basis;
iv. The total number of persons employed within the agency work force as professionals, and the number and percentage of minorities, women, and physically disabled persons employed within the agency work force as professional employees; and
v. The total number of persons employed within the agency work force as contractual service employees, and the number and percentage of minorities, women, and physically disabled persons employed within the agency work force as contractual services employees.

Economic Interest Statement Testing

During testing of the Statements of Economic Interest, we noted the following exceptions:

- Five out of 60 (8%) Statement of Economic Interest forms did not have all sections properly completed by the Department's employees.
- One out of 60 (2%) Statement of Economic Interest forms was not filed as the individual no longer was employed by the Department; however, Department records were not properly updated to reflect the change in employment status.

CURRENT FINDINGS (STATE COMPLIANCE)

The Illinois Governmental Ethics Act (Act) (5 ILCS 420) requires that certain (as defined in the Act) elected, appointed and other State employees, file statements of economic interest by May 1st of each year.

Department management stated that withholding documents were not received from legacy agencies in the merger of DHS, not received by the former employing agency upon employee transfer or misfiled.

Review was not complete for the economic interest statements forms due to employees submitting the forms directly to the Secretary of State (SOS). One employee was not removed from the list due to management oversight.

An employee input error resulted in an inaccurate Agency Workforce Report.

Without proper recordkeeping there is no documented basis for withholdings, leaves of absence, or employee overtime. Improper completion of Agency Workforce Reports and incomplete economic interest statements are noncompliance with the law. (Finding Code No. 2015-018, 2013-019, 11-26, 09-32, 07-21)

RECOMMENDATION:

We recommend the Department improve processes and implement controls necessary to reduce the instances of missing documentation in employee files which includes the forms necessary for payroll deduction authorizations, leaves of absence, and employee overtime. Additionally, the Department should have a Supervisor review the Agency Workforce Report and make any corrections before it is filed. Also, the Department should provide training to employees who are required to file economic interest statements.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. Considering the sheer number of DHS employees and the volume of paperwork processed through the Bureau of Payroll and Benefits, as well as the remote payroll offices at facilities, schools and BDDS, there is always going to be some element of human error in filing the documentation in employee files.

Sufficient staffing does not exist to perform a quality assurance audit on every payroll file. However, each DHS employee receives a payroll system-generated Benefits Statement twice annually which lists all deductions (both mandatory and voluntary) from the employee’s paycheck. In addition, deductions are delineated on the employee pay stub each time payroll is processed. This information provides the employee with an opportunity to verify that deductions are appropriate and contact their payroll office for any corrections.

CURRENT FINDINGS (STATE COMPLIANCE)

All staff required to file economic interest statements receives written instruction annually.

The Bureau of Civil Affairs will have a Supervisor review the Agency Workforce Report data as well as the supporting documentation to make sure the proper numbers have been entered.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-019 **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 examination period, the Department was required to submit various reports to the Governor and the General Assembly. These reports included, but were not limited to, children with developmental disabilities, the Work Opportunity Tax Credit, and the Code of Criminal Procedure of 1963. None of these reports were filed in a timely manner.

- The Department of Human Services Act (20 ILCS 1305/10-27 (d)) requires the Department to submit a report, annually, to the Governor and the General Assembly concerning its actions under this Section. The Department did not prepare a report for the General Assembly regarding the Work Opportunity Tax Credit during the two year period ended June 30, 2015.

  Department management stated this report is duplicative of a report currently provided to the Generally Assembly by the Illinois Department of Employment Security. As such, the Section of the Act requiring the report was repealed effective June 30, 2015.

- The Mental Health and Developmental Disabilities Administrative Act (Act) (20 ILCS 1705/18.5(b-9)) requires the Department to annually report to the Governor and the General Assembly, by September 1, on both the total revenue deposited in the Community Developmental Disability Services Medicaid Trust Fund (Trust Fund) and the total expenditures made from the Trust Fund for the previous fiscal year. This report shall include detailed descriptions of both revenues and expenditures regarding the Trust Fund from the previous fiscal year. In addition, the Act requires the Department to present the report to the House of Representatives and the Senate. The Department is to make the report available to the public and publish it on its website at least one week prior to the presentation of the report to the General Assembly. During the examination period, the Department did not submit the FY13 report to the Governor's Office as required by the statute and did not submit the FY14 report timely.

- The Mental Health and Developmental Disabilities Administrative Act (Act) (20 ILCS 1705/73) requires that on December 31st (2011 through 2014) the Department shall prepare and submit an annual report to the General Assembly concerning the implementation of the Williams v. Quinn consent decree and other efforts to move persons with mental illnesses from institutional settings to community-based settings. In addition, the Act requires that the reporting to the General Assembly shall be satisfied by filing copies of the report with the Speaker, Minority Leader, and Clerk of the House of Representatives; the President, Minority Leader, and Secretary of the Senate; and the Legislative Research Unit, as required by Section 3.1 of the General Assembly Organization Act, and by filing additional copies with the State Government Report Distribution Center for the General Assembly as required under paragraph (t) of Section 7 of the State Library Act. The Department provided the 2013 and the 2014 annual reports that were submitted to the General Assembly, and the reports appeared to be in compliance with the requirements; however, except for the Legislative Research Unit, the Department was unable to provide support showing the reports were filed with and received by the other required parties.

Department management stated that the Division of Mental Health (DMH) submitted the Williams Consent Decree to the General Assembly; however, DMH staff could not locate the transmittal receipts.

- The Department of Human Services Act (20 ILCS 1305/1-60) requires the Department to prepare two reports on the impact of the provisions of subsection (c) of Section 104-18 of the Code of Criminal Procedure of 1963. A preliminary report shall be prepared and submitted to the Governor and the General Assembly by November 1, 2012. A final report shall be prepared and submitted to the Governor and the General Assembly by October 1, 2013. The Department submitted a final report regarding the impact of provisions of subsection104-18(c) of the Code of Criminal Procedures of 1963; however, based on the transmittal sheet for the report, the report was submitted on October 24, 2013. As a result, the report was 23 days late.

- The Department of Human Services Act (20 ILCS 1305/1-17(n)) requires that within 30 calendar days from receipt of a substantiated investigative report or an investigative report which contains recommendations, absent a reconsideration request, the Center or agency shall file a written response that addresses, in a concise and reasoned manner, the actions taken to: (i) protect the individual; (ii) prevent recurrences; (iii) eliminate the problems identified. The response shall include the implementation and completion dates of such actions. If the written response is not filed within the allotted 30 calendar day period, the Secretary shall determine the appropriate corrective action to be taken. During our examination, we noted that the Center or agency did not file a written response within 30 calendar days from receipt of a substantiated investigative report or an investigative report which contains recommendations for 21 out of 25 (84%) of our selections, and the Secretary did not determine the appropriate corrective action to be taken as required. Three out of the 21 exceptions noted pertained to Department facilities, the remaining 18 were not Department facilities.

Department management stated employee error and oversight contributed to the deficiencies identified above.

Failure to submit required reports to the Governor and General Assembly in a timely manner is noncompliance with State law and could impact decisions made by the Governor and General Assembly. (Finding Code No. 2015-019, 2013-033)

CURRENT FINDINGS (STATE COMPLIANCE)

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. All applicable DMH staffs have been notified to retain transmittal receipts and the problem has been corrected moving forward.

DHS Office of Legislation has developed a plan to ensure the Department meets the statutory deadlines.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-020 **FINDING:** (Failure to ensure expenditure reconciliations are prepared timely)

The Department of Human Services (Department) did not reconcile its expenditure balances with the Illinois Office of the Comptroller (Comptroller) records in a timely manner.

In 4 of 4 (100%) monthly expenditure reconciliations tested, it was noted that the reconciliation was not performed timely. The reconciliations were completed between three and four months after the period being reconciled.

During the testing of payroll during FY15, it was noted that the payroll amounts recorded at the Comptroller's Office were not recorded by August 31, 2015, the end of the lapse period. As of August 31, 2015, $8.6 million of payroll at the Comptroller's Office was not recorded in the Consolidated Accounting and Reporting System (CARS) in a timely manner.

In addition, during review of the monthly reconciliations, it was noted that the reconciliations primarily focused on expenditures incurred by the Department. Per inquiry with Department personnel, the Department does not conduct a reconciliation to determine the unexpended budget authority as prescribed in the Illinois Comptroller's Statewide Accounting Management System (SAMS) Manual. Instead, the Department only reconciles the expenditures incurred on a monthly basis.

SAMS Manual (Procedure 11.40.20) requires the Monthly Appropriation Status Report to be reconciled on a timely basis to ensure the early detection and correction of errors.

The SAMS Manual (Procedure 11.40.20) requires reconciling the unexpended budget authority balance on the 'Monthly Appropriation Status Report' and provides detailed guidance for performing the reconciliation.

Department management stated that staffing vacancies and the lack of an integrated accounting system led to the delays.

Failure to prepare expenditure reconciliations on a timely basis increases the risk that errors or irregularities could occur and not be detected and corrected on a timely basis. This practice also diminishes the effectiveness of the expenditure reconciliations performed and causes the records to be incomplete. Timely reconciliations and complete records are especially important as the Department expends over $6.1 billion per year. (Finding Code No. 2015-020, 2013-018, 11-25)

RECOMMENDATION:

We recommend the Department develop and implement procedures to perform expenditure reconciliations in a timely manner. Those procedures should require the timely posting of expenditure transactions to CARS prior to the performance of reconciliations. The reconciliation should also address the unexpended budget authority.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will ensure expenditure transactions are posted to CARS prior to the completion of the reconciliations. The reconciliations will be revised to address the unexpended budget authority.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-021 **FINDING** (Failure to calculate and pay prompt payment interest on medical assistance payments)

The Department of Human Services (Department) failed to calculate and pay prompt payment interest that resulted from late medical assistance payments to vendors.

The Department makes certain medical assistance payments through the Department of Healthcare and Family Services (HFS) using the Medicaid Management Information System (MMIS). The Department submits information for medical services for eligibility determination and payment by HFS as the Statewide Medicaid agency for the State of Illinois. HFS enters the information into MMIS to determine if the individual expenditure for medical services is properly payable under federal Medicaid regulations. MMIS creates the payment vouchers from the Department's appropriations that are submitted by HFS for the eligible claims to the Illinois Office of the Comptroller (Comptroller). The voucher posts overnight at a summary level to Department appropriations when the payment vouchers are released to the Comptroller.

During testing, it was determined that the Department does not have a methodology to calculate prompt payment interest that results from late medical payments to vendors processed through MMIS and, therefore, the Department did not pay these amounts going back to the year ended June 30, 2010. The Department determined it had failed to pay prompt payment interest to 270 vendors during fiscal years 2010 through 2013 as follows:

Year Ended*	Unpaid Prompt Payment Interest
June 30, 2010	$ 8,176,481
June 30, 2011	3,475,224
June 30, 2012	2,841,140
June 30, 2013	5,982,904
Total	$20,475,749

*From fiscal year 2010 through fiscal year 2013, HFS processed $2.2 billion in medical assistance payments for the Department.

In addition, the Department is unable to provide supporting documentation for the medical assistance payments recorded against its appropriations. The Department does not have a process to track, and has not determined the amount of prompt payment interest for fiscal years 2014 and 2015. The Department provided support for the payment of $207,124 for MMIS Prompt Payment Interest. However, compared to the amounts calculated for prior years as indicated above, we were unable to determine the entire population of MMIS prompt pay interest due to vendors in order to determine if all amounts were paid. Department management stated the Department only receives summary transactions data for entry into their Consolidated Accounting and Reporting System (CARS).

CURRENT FINDINGS (STATE COMPLIANCE)

No liability is necessary for unpaid claims because any demanded amounts would be paid outside of the Department, from the Court of Claims.

The State Prompt Payment Act (Act) (30 ILCS 540/3-2) currently requires agencies to determine whether interest is due and automatically pay interest penalties amounting to $50 or more to the appropriate vendor when payment is not issued within 90 days after receipt of a proper bill. Because the Department's failure to pay interest penalties spanned multiple fiscal years, several changes have occurred in the Act over this period. Public Act 096-0959, effective August 18, 2009, established the requirement to automatically pay interest penalties amounting to $50 or more as well as establishing requirements for amounts of less than $50. Public Act 096-0802, effective January 1, 2010, increased the rate to 2.0% for medical payments under Article V of the Illinois Public Aid Code. Lastly, Public Act 097-0072, effective July 1, 2011 increased the late period to 90 days and decreased the rate for all interest payments back to 1.0%.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.45) states it is the responsibility of each State agency to develop and implement internal procedures that will permit full compliance with the provisions of the State Prompt Payment Act (30 ILCS 540/1, *et seq*) and the rules jointly promulgated by the State Comptroller and the Department of Central Management Services to govern the uniform application of that Act. SAMS (Procedure 17.20.45) provides guidance on the conditions to apply the Act, the type of written records which must be kept, and the calculation which must be performed to determine the appropriate interest payment to record and remit. According to SAMS (Procedure 17.20.45), agencies must maintain written records reflecting the following date or dates on which: (1) the goods were received and accepted or the Services were rendered; (2) the Proper Bill was received by the State agency; (3) approval for payment of a bill was given by the Agency; (4) a vendor bill was disapproved, in whole or in part, based upon a defect or what the State agency believes to be a defect; and (5) the payment was issued by the Comptroller's Office.

Department management stated a verbal agreement to pay and process MMIS interest payments was initiated back in Fiscal Year 2010 between the Department and HFS. However, no written interagency agreement has ever been in place to handle processing MMIS payments or paying interest. The Department also noted that because their access to MMIS data is limited, they felt it was impossible to calculate the full amount of eligible prompt payment interest.

Failure to pay the required interest on vouchers results in noncompliance with the State Prompt Payment Act and SAMS. In addition, failure to properly calculate and pay the prompt payment interest in a timely manner results in unpaid vendors needing to seek payment through the Illinois Court of Claims. (Finding Code No. 2015-021, 2013-006)

CURRENT FINDINGS (STATE COMPLIANCE)

RECOMMENDATION:

We recommend the Department develop a methodology to calculate prompt payment interest that results from late medical payments to vendors processed through MMIS. The methodology should include the creation of an interagency agreement with HFS to obtain the necessary detailed documentation to allow the Department to ensure prompt payment interest is calculated as outlined in SAMS (Procedure 17.20.45). We also recommend the Department estimate a liability for such contingency when preparing its financial statements, where applicable.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will consult with the Department of Healthcare and Family Services (HFS) to draft an interagency agreement regarding the calculation of the Prompt Payment Interest (PPI) on Medical Assistance through the Medical Management Information System (MMIS). After the establishment of the interagency agreement, the Department will verify the accuracy of HFS' PPI calculation. The Department will also estimate a liability for this contingency when preparing its financial statements.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-022 **FINDING:** (Failure to lead establishment of cross-agency prequalification process)

The Department of Human Services (Department) did not comply with a law requiring it to serve as the lead agency to establish a cross-agency prequalification process for contracting with human service providers.

The Department in its role as "lead agency" did not work with each State human services agency to establish joint rules for the pre-qualification process for contracting with human service providers and did not establish cross-agency master service agreements of standard terms and conditions for contracting with human service providers. The compiled statute was not amended to reflect a change in lead agencies nor is there a formal agreement to transfer the responsibilities of this mandate.

Per the Department of Human Services Act (Act) (20 ILCS 1305/1-37a(c)) each State human services agency shall have the authority and is hereby directed to collaboratively adopt joint rules to establish a cross-agency prequalification process for contracting with human service providers. This process shall include a mechanism for the State human services agencies to collect information from human service providers including, but not limited to, provider organizational experience, capability to perform services, and organizational integrity in order for the agencies to screen potential human service providers as vendors to contract with the agencies.

Per the Act (20 ILCS 1305/1-37a(d)) each State human services agency shall have the authority and is hereby directed to collaboratively adopt joint rules to establish a cross-agency master service agreement of standard terms and conditions for contracting with human service providers. The master service agreement shall be awarded to prequalified providers as determined through the cross-agency prequalification process outlined in subsection (c) of the Act. The master service agreement shall not replace or serve as the equivalent of a contract between an agency and a human service provider, but only those human service providers that are prequalified with a master service agreement may contract with an agency to provide services.

The Act (20 ILCS 1305/1-37(f)) states that the Department of Human Services shall serve as the lead agency on all matters provided in subsections (c), (d), and (e).

Department management stated that the responsibility of the initiative to establish joint rules for the pre- qualification process and cross-agency master service contracts with human service providers was transferred from DHS to the Illinois Office of Management and Budget (GOMB) under the Grant Accountability and Transparency Act.

Failure to serve as the lead agency is noncompliance with the law. (Finding Code No. 2015-022)

RECOMMENDATION:

We recommend the Department either comply with the law by serving as the lead agency or obtain a statutory change in the law to transfer the responsibility to another State agency or office.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. DHS Office of Legislation has requested the statute be changed to reflect the transfer of responsibility under the Grant Accountability and Transparency Act.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-023 **<u>FINDING</u>:** (Employee performance evaluations not performed on a timely basis)

The Department of Human Services (Department) did not perform sufficient supervisory reviews over employee performance evaluations and, as a result, did not comply with Department of Central Management Services' (DCMS) rules for the conduct of employee performance evaluations.

During testing, it was noted 38 of 76 (50%) Department employee evaluations sampled did not receive a performance evaluation on a timely basis. The date of completion ranged from 6 to 534 days late. Additionally, the Department could not provide documentation that employee performance evaluations had been performed during the examination period for 2 of 60 (3%) employees.

During the examination, additional testing was performed at certain facilities and the following issues were noted:

<u>Chicago Read Mental Health Center:</u>

- Seventeen of 50 (34%) employee evaluations sampled were not signed by the Agency Head. In addition, 3 of the 17 noted were also not signed by the next higher level supervisor.
- The Center did not perform 15 of 50 (30%) employee evaluations on a timely basis. The evaluations noted were performed between 2 and 496 days late.
- Seven of 50 (14%) employee evaluations could not be provided by the Center. Consequently, we were unable to determine if employee evaluations were performed.
- The Center did not use the appropriate creditable service date for 1 of 50 (2%) employee evaluations. Consequently, the evaluation period did not match the creditable service date, which is used to determine eligible employee benefits including leave accrual.

<u>John J. Madden Mental Health Center:</u>

- Seven of 50 (14%) employee evaluations did not have all the required signatures of the reviewers of the evaluation.
- The Center did not perform 8 of 50 (16%) employee evaluations on a timely basis. The evaluations noted were performed between 11 and 270 days late.
- Three of 50 (6%) employee evaluations could not be provided by the Center. Consequently, we were unable to determine if employee evaluations were performed.

<u>Illinois School for the Deaf (School)</u>

- Thirteen of 20 (65%) employees tested had performance evaluations that were not performed on a timely basis. Performance evaluations were performed 8 to 373 days late.

CURRENT FINDINGS (STATE COMPLIANCE)

- Eight of 20 (40%) employees selected for testing did not receive performance evaluations during Fiscal Year 2015.

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 requires that evaluations must be completed at least annually on or before the employee's creditable service date and permanently included in the employee's personnel file.

Department management stated that supervisors are not completing the evaluations timely due to competing priorities.

Without performance evaluations there is no documented basis for promotion, demotion, discharge layoff, recall, or reinstatement and current employment status. (Finding Code No. 2015-023, 2013-020, 11-27, 09-33, 07-22, 05-15)

RECOMMENDATION:

We recommend the Department comply with current policies and procedures regarding employee evaluations and follow the control system in place.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will follow the Personnel Rules and will send a reminder out to Executive staff of the importance in getting evaluations done timely.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-024 **FINDING:** (Lack of physical control over State property)

The Department of Human Services (Department) did not have adequate control over State property inventories and recordkeeping.

As of June 30, 2015, the Department valued its State property at $226,971,000. During testing of property and equipment at the Central Office and Department facilities, the following discrepancies were noted:

Central Office:

- In 2 out of 40 (5%) equipment additions tested, the Department did not include freight and installation charges as indicated on the invoice when recording the assets' value within their inventory records. This resulted in the assets being understated by $1,033.
- While testing lease and installment purchase agreements, we noted the Department did not provide complete information within the Accounting for Leases – Lessee Forms (SCO-560) in accordance with Statewide Accounting Management System (SAMS) (Procedure 27.20.60). Nine out of 13 (69%) SCO-560 forms did not include all the required information. Each form was missing fund name, fund number, and appropriation codes.
- The Annual Real Property Utilization Report (ARPUR) is due to the Department of Central Management Services (DCMS) by July 31st of each year. During Fiscal Year 2014 the Department was given an extension by DCMS until October 30, 2014. However the Department's submission was on November 3, 2014, which was three days late from the extension date.

The following discrepancies were noted at the facilities:

Alton Mental Health Center

- Thirteen out of 20 (65%) buildings observed were deteriorating or susceptible to deterioration due to nonuse.
- Two out of 10 (20%) equipment transfers totaling $7,239 were not signed and dated, and therefore we were unable to determine if the transfers were properly approved or timely completed.

Chicago Read Mental Health Center

- The Center Space Utilization Report was incomplete. The Location of Deed, Acquired From, Method or Fund used to Acquire Property, Contemplated Future Use, and Legal Description sections were not completed by the Center.

CURRENT FINDINGS (STATE COMPLIANCE)

Elgin Mental Health Center

- Three out of ten (30%) equipment items, totaling $1,672, appeared to be obsolete or not in use by the Center when physically observed.
- Two out of ten (20%) equipment items tested, totaling $765, were found in a location that did not match the location listed on the property listing.

Ann M. Kiley Developmental Center

- During the examination period, the Center was using seven homes for storage/warehouse purposes. During our tour of these homes, the homes appeared to have water damage and deterioration issues with the floors and ceilings. The homes contained several items that were in oversupply or appeared to be obsolete. Also, six of 28 (21%) items tested at these homes did not trace to the inventory listing and six of 28 (21%) items tested traced to incorrect locations on the inventory listing.
- During our testing of equipment transactions, we noted three out of 10 (30%) items tested, totaling $141,060, were not timely added to the property listing. The items were added to the property listing between 54 and 123 days late.

Ludeman Developmental Center

- One out of five (20%) equipment items tested and physically observed at the Center could not be located on the Center's Property Listing.
- For one out of ten (10%) large equipment transactions tested, totaling $47,020, no supporting documentation was provided.

Andrew McFarland Mental Health Center

- Two of fifteen (13%) equipment items tested, totaling $3,303, were not located in the same location as reported on the property listing.
- One of ten (10%) large equipment transactions tested, totaling $28,199, was not entered into the inventory system within 30 days. The item was entered 7 days late.

Warren G. Murray Developmental Center

- One building contained property items totaling $192,715 that appeared to be obsolete.

CURRENT FINDINGS (STATE COMPLIANCE)

Illinois School for the Deaf

- Three out of 20 (15%) equipment items tested, totaling $16,997, were not located in the proper location as reported on the School's inventory listing.
- One out of 10 (10%) equipment transactions tested, totaling $5,365, did not trace to sufficient supporting documentation. The item marked was included on a DCMS Surplus Property Delivery Form; however, the form included no signatures or agency information.

Illinois School for the Visually Impaired

- Three out of 10 (30%) equipment items tested, totaling $11,124, were not located in the proper location as reported on the School's inventory listing.

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

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies establish and maintain a system of internal fiscal and administrative controls which 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 Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.400) states agencies shall adjust property records within 30 days of acquisition, change, or deletion of equipment items. Finally, the State Records Act (5 ILCS 160/8) requires the Secretary of Human Services to make and preserve records containing adequate and proper documentation of the essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State. The Code (44 Ill. Adm. Code 5010.620) requires State agencies to regularly survey inventories for transferable equipment that is no longer needed or useable by the agency and report the transferable equipment to the Department of Central Management Services.

Department management stated that insufficient headcount and an outdated and insufficient inventory system contributed to the discrepancies noted.

CURRENT FINDINGS (STATE COMPLIANCE)

Failure to properly control and record State property is statutory noncompliance and increases the potential for possible loss or theft of State property. Failure to transfer or find a use for excess property does not allow the State to manage State assets in the most economical manner and could lead to unnecessary purchases by other State agencies. In addition, failure to properly record State property can lead to inaccurate financial information being reported. (Finding Code No. 2015-024, 2013-024, 11-30, 09-36, 07-14, 05-20)

RECOMMENDATION:

We recommend the Department comply with current policies and procedures regarding property and equipment, and follow the control system in place. Additionally, the Department should adequately maintain buildings and facilities to prevent further deterioration.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Office of Business Services (OBS) plans to increase the property control headcount by establishing positions to conduct rolling quarterly inventories. Additionally, these positions will assist in overseeing the physical inventory at all physical IDHS locations across the State and will either serve as or train Property Control Coordinators for each location or region (to be determined). OBS is also recommending the Enterprise Resource Planning (ERP) system as the inventory control system for the Department.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-025 **FINDING:** (Inadequate controls over accounts receivable)

The Department of Human Services (Department) is in violation of its own policies and procedures as well as statutory requirements regarding the administration of accounts receivable.

During testing, we noted the following items at Department Facilities:

Alton Mental Health Center

- Three out of 5 (60%) recipient files tested, with receivables totaling $2,630, included receivables aged over 180 days that were not submitted to Central Office timely.
- Medicare Part B billings are not being processed because of a key employee being on a leave of absence.

Chicago Read Mental Health Center

- For 221 out of 279 (79%) accounts receivable on the Center's records, ranging from 13 months old to 318 months old, there was a total past due balance of $745,791. The Center and the Central Office did not analyze the related financial history of respective accounts receivable in order to determine the adequacy of a potential write-off.
- For 3 out of 5 (60%) recipient files tested, with a total receivable balance of $1,150, the Center did not update its accounts receivable listing when the recipients transferred from the Center to another facility, leading to an inaccurate accounts receivable listing.
- For 2 out of 5 (40%) recipient files tested, with a total receivable balance of $1,062, the recipient was placed on a noncertified unit which led to improper Medicare billing at a noncertified unit rate. In addition, 20 out of 37 (54%) patients on the listing of Medicare patients admitted were placed on a noncertified unit.
- According to Facility records, there were six negative receivable balances, totaling $427,983.

Clyde L. Choate Mental Health and Developmental Center

- For six of 12 (50%) recipient accounts tested, totaling $9,131, the Center did not provide support to show the accounts had been properly billed.
- Two accounts titled "Settlements" had large negative balances totaling ($664,092) and ($98,685). An outside contractor does all of the Medicare B billing (FC 086, 083, 085 and 088), and they also pick up Medicare A billings (FC 095) that are not completed at the Center. The settlement accounts are payments that have been made to the Center for contractor billings, but they have not been applied to the individual recipient's accounts.
- Two of 12 (17%) recipient accounts tested, totaling $38,367, were more than 180 days old according to Center records and were not turned over to the Department of Human

CURRENT FINDINGS (STATE COMPLIANCE)

Services' Central Office.

Elgin Mental Health Center

- One out of 6 (17%) recipient files tested, with receivables totaling $171,171, was aged over 180 days and not submitted to Central Office for collection.
- One of one (100%) Medicare files did not contain support for the charges.

Ann M. Kiley Developmental Center

During testing, we noted the Aged Recipient Accounts Receivable Report was not accurate for one of five (20%) accounts tested. We noticed part of a former resident's past due balance was being reported as a current receivable while the other portion was being classified as "aging of amount owed over 1 year." The portion being classified as a current receivable ($564.30) related to the resident's last month of residency. The resident was discharged on April 28, 2014 and the adjustment to prorate the last month, which was originally entered into the Center's receivable system at a rate of $0, was done on June 22, 2015. Therefore, it took the Center 420 days to record an accurate receivable for the State.

John J. Madden Mental Health Center

For five receipt files tested with receivable balances at June 30, 2015, we noted the following:

- Four (80%) recipient files, with receivables totaling $16,698 were aged over 180 days. Three were not submitted to the Department of Human Services (DHS) - Central Office for collection and one was not submitted timely.
- Two (40%) recipient files, with receivables totaling $12,658, had no documentation to determine the validity of the receivable amount. One of the recipients was last admitted to another DHS facility in February 2011 but the receivable balance was not transferred. The other recipient's receivable amount includes billing for services at another DHS facility.
- One (20%) recipient with receivables totaling $10,580, was sent the Notice of Determination 1,088 days after the start of services. Start of services was at another DHS facility.

In addition, when reviewing the aged accounts receivable balances at June 30, 2015 we noted:

- A majority of the accounts receivable (97%), totaling $711,605, are aged over one year, ranging from 13 months to 362 months old. The Facility and the Department's Central Office did not appear to analyze the related financial history of respective accounts receivable in order to determine the appropriateness of a potential write-off.
- The Center was unable to provide supporting documentation for two line items on its accounts receivable listing titled "Settlements" totaling ($24,770) and three additional receivables totaling ($4,286) in the current receivables column. These negative amounts understate the

total current receivables column. We were unable to determine if the amounts appear reasonable.

Illinois School for the Deaf

The School is responsible for the Hansen-Therkelsen Scholarship Fund; however, the Department of Human Services Central Office completed the Reports for Fiscal Years 2014 and 2015. During testing of the Reports, we noted 2 of 8 (25%) Reports tested contained adjustments, totaling $7,000, which the School was unable to explain.

The Department's Bureau of Collections (BOC) procedure manual states that after 180 days, the account is to be referred to BOC for collection action.

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.

Department Administrative Directive 02.08.01.040 states that Facility resource staff generates the Notice of Determination form (form IL462-0612) from the Reimbursements System II (RE-2), and mails the form 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 that an individual account is not due until 90 days after the IL462-0612 is mailed. Once the account has become past due for 180 days and when the debtor has refused to cooperate, the facility resource staff refer the amount to RMS (Revenue Management Section) for further evaluation and action. The Comptroller's Statewide Accounting Management System (SAMS) (Procedure 26.40.20) states agencies must place all debts over $250 and more than 90 days past due in the Comptroller's Offset system.

SAMS (Procedure 26.20.10) requires State agencies to record and maintain accurate detail information related to each receivable. Further SAMS procedure (26.30.20) requires the correction of nay errors or discrepancies to be reported as adjustments on the Quarterly Summary of Accounts Receivable Report (C-97) with corresponding explanations for the adjustments.

The Mental Health and Developmental Disabilities Code (Code) (405 ILCS 5/5-108) states the Department may investigate the financial condition of each person liable, and make determinations of the ability of each person to pay sums representing service charges. Whenever an individual is covered, in part or in whole, under any type of insurance arrangement, private or public for services provided by the Department, the proceeds from such insurance shall be considered as part of the individual's ability to pay, notwithstanding that the insurance contract was entered into by a person other than the individual or notwithstanding that the premiums for such insurance were paid for by a person other than the individual.

CURRENT FINDINGS (STATE COMPLIANCE)

The State Records Act (Act) (5 ILCS 160/8) requires agencies to maintain adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. Finally, 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 and administrative controls, 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.

Department management stated that the cause of this finding was staff oversight at the Center level.

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. Failure to bill Medicare for services provided is in noncompliance with the Administrative Directive and may lead to a loss of revenue for the State. In addition, the lack of controls can lead to an understatement or overstatement of net collectible accounts receivable. (Finding Code No. 2015-025, 2013-013, 11-22, 09-23, 07-15)

RECOMMENDATION:

We recommend the Department comply with current policies and procedures regarding accounts receivable and follow the control system in place. Additionally, we recommend the Department maintain detailed records of all billings and the corresponding collections to facilitate proper reporting of accounts receivable activity. The Department should consider writing off delinquent or uncollectible accounts to reflect only realizable amounts. Finally, we recommend the Department allocate sufficient staff to ensure job duties are performed as required so that accounts receivable transactions are processed and accounts are properly maintained.

DEPARTMENT RESPONSE:

The Department accepts the recommendation and will provide additional training on the Accounts Receivable Collection Procedures and the proper monitoring of system reports. DMH and Regional SODC Operations will provide oversight and monitoring to ensure compliance.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-026 **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 issues were noted during testing:

Clyde L. Choate Mental Health and Developmental Center:

- Two commodity inventory items were overstocked. One had a 33-month supply and the other item's inventory totaled 2,400 units and there were no issuances during the examination period.
- Through testing we were unable to determine if the ending inventory value of coal in the amount of $84,151 was correct. The Center received $14,402 in coal prior to June 30th, but did not enter it in the inventory until after year end. It was also noted the months of October and June did not have any issuances entered. The Center's procedures require engineering to give the usage total for a month to commodity controls the first week of the following month. In addition, the Center did not enter the June 2015 usage in the amount of $69,052 until August 20, 2015.
- The mechanical store had multiple items not included in the year-end inventory that were either labeled as "forward issued" or "not on inventory." These are items requisitioned out to the engineers and brought back due to being the incorrect part or being faulty. The Center was unable to determine or provide the inventory value.

William W. Fox Developmental Center:

- Four of 16 (25%) items in the general store that required an adjustment at year-end were incorrectly adjusted. Three of the items required adjustments ranging from 1 to 9 units, but no adjustment was made at all. The correct adjustments were made once the Center became aware of the errors.
- For five of 25 (20%) items counted during annual inventory, the proper adjustments were not made to the inventory resulting in differences ranging from a shortage of 250 units to an overage of 488 units.
- The inventory count worksheet (report ID SA110017) for the general store had several amounts in the "inventory balance" column crossed out and a different amount hand written in. Per Center staff, the hand written amounts were made to correct the "inventory balance" due to duplicate entries of receiving reports/requisitions entered into the system. An example

of this is disposable cups where the Center had an "inventory balance" of 11 then crossed it out and changed it to 10.

- The Center failed to count and maintain inventory in consistent units. The inventory count worksheet (report ID SA110017) used to compile the inventory counts indicated items were accounted for by one unit, such as by the pound, but the inventory counters counted items by a different unit, such as by the case. The largest area of concern was the Center's frozen meat inventory. The Center maintained meat inventory by the case, even though the weights could vary by the case. An example of this was frozen cod. The Center counted cod by the case; however, the unit noted on the inventory listing was pounds and cases ranged in weight from 20 pounds to 50 pounds.
- Multiple inventory items were not included in the Center's inventory. The Center had received cauliflower from another Center but did not adjust their inventory records to reflect the addition until after we informed the Center of the issue.
- During testing we noted the Center's freezers were unorganized and noted instances where items were stored in several locations throughout two freezers making it difficult to obtain an accurate inventory count. One month after the year-end inventory was completed, the Center performed a recount of the freezers where Center personnel emptied the freezers and reorganized them.
- During year-end inventory counts, multiple items were not accurately counted due to a disparity between the codes listed for the items on the floor and the codes listed for the items on the inventory count sheets.

<u>Ludeman Developmental Center:</u>

- The Pharmacy's new inventory system does not appear to accurately value the Center's total inventory balance. It was noted that ten items on the Inventory Valuation Report had a $0.00 unit price despite having a quantity on hand. Additionally, two inventory items were valued with an incorrect unit of measure, resulting in an overstatement of $6,191.

<u>John J. Madden Mental Health Center:</u>

- Eight of 25 (32%) pharmaceutical items were inaccurately counted by the Center during the physical count. Total net dollar difference was ($73).
- The pharmacy and general store reported items with a negative value on hand, totaling $473 on its inventory listing reports. Upon notification of the general store negative values, the Center corrected its records.
- Excessive adjustments were noted in the Pharmacy inventory. For the month of June 2015, the Center had shortage adjustments totaling $99,085 and overage adjustments totaling $30,262, for an aggregated negative adjustment of $68,823. Of these amounts, adjustments from the physical inventory were positive adjustments totaling $10,940 and negative

adjustments totaling $21,661, for an aggregated negative adjustment of $10,721.

- Inventory records maintained by the Center did not include all inventory items located at the Center. The records did not include 24 cases of soap totaling $1,123, and contact solution and denture adhesive with an amount and count that the Center was unable to provide.
- Center personnel responsible for maintaining inventory were involved in the performance of physical counts. In addition, during the annual inventory count, those who counted also recorded inventory.

The Illinois Procurement Code (30 ILCS 500/50-55) states every State agency shall inventory or stock no more than a 12-month need of equipment, supplies, commodities, articles, and other items, except as otherwise authorized by the State agency's regulations.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system of controls to ensure resources are utilized efficiently, effectively, and in compliance with applicable law, and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management stated that insufficient headcount and an outdated and insufficient inventory system contributed to the discrepancies noted.

Strong internal controls would require an improved centralized oversight function related to commodities. This is important considering the Department made commodities expenditures of $32.967 million and $30.431 million during fiscal years 2015 and 2014, respectively. In addition, the Department recorded ending commodities inventories of $7.320 million and $7.037 million for the fiscal years ended June 30, 2015 and June 30, 2014, respectively. (Finding Code No. 2015-026, 2013-023)

<u>RECOMMENDATION:</u>

We recommend the Department comply with current policies and procedures regarding commodities and follow the control system in place.

<u>DEPARTMENT RESPONSE</u>:

The Department accepts the recommendation. The Office of Business Services (OBS) plans to increase the property Control headcount, establishing positions that will conduct rolling quarterly inventories for all IDHS physical locations. In addition, OBS is recommending the implementation of ERP system as the primary inventory control system for the Department, encompassing facilities, warehouses, and fixed asset inventories.

2015-027 **FINDING:** (Inadequate administration of locally held funds and petty cash)

The Department of Human Services (Department) inadequately administered locally held funds (bank accounts) during the examination period. Exceptions were noted regarding the administration, accounting, reconciliation, reporting, receipt and disbursement of these funds.

The following weaknesses were noted during the testing of the Department's petty cash funds and quarterly reporting of receipts and disbursements of locally held funds for the two years ended June 30, 2015 at Department facilities:

Chicago Read Mental Health Center

- The Center's petty cash did not reach the six allotted turnover disbursements during calendar years 2013 and 2014. The turnover rate for calendar years 2013 and 2014 were 0.07 and 0.25, respectively. The Center submitted an explanation to the Comptroller indicating a continued need for authorized $800.
- During Fiscal Year 2015, the Center deposited Court of Claims reimbursements into the Petty Cash Fund bringing the balance to $1,902, which is in excess of the $800 authorized amount.
- During testing we were unable to reconcile the petty cash fund at 6/30/2015 to the authorized amount of $800. The fund balance appeared to be above the authorized amount. Excess amounts indicate the Center requested duplicate reimbursements from either the Court of Claims or the Comptroller.
- The Center did not request reimbursement when the Petty Cash Fund went below the set $400 threshold. The balance in the fund was below $400 from 07/01/2013 to 12/03/2014.
- The petty cash fund was reimbursed twice from the Illinois Court of Claims in Fiscal Year 2015 for prior year disbursements.

Elisabeth Ludeman Developmental Center

- Reconciling items in the June 30, 2015 Resident's Trust Fund bank reconciliation were greater than one year. Specifically, there were seven deposits in transit in the amount of $39, one outstanding check in the amount of $10, and seven miscellaneous disbursements in the amount of $393.
- Four out of 4 (100%) interest receipts tested in the amount of $267 were not timely recorded in the Resident's Trust Fund. The receipts were recorded 56 to 240 days after the amounts were credited.
- The Center's mechanism of recouping bank fees was holding bank fees until the lapse period ended and then submitting a lapsed appropriation request to the Court of Claims. This reimbursement can take up to two years. Monthly bank fees totaled $4,922 and $5,359 in Fiscal Year 2014 and Fiscal Year 2015, respectively. The forms submitted to the Court of Claims stated the Center made a demand for the bank service fees from the Department and

the demand was refused on the grounds that the appropriated funds had been lapsed.

John J. Madden Mental Health Center

- The Center's Resident's Trust Fund had a balance of $5,254 at June 30, 2015. The Center did not accumulate any interest on these funds.
- For the Resident's Trust Fund, outstanding receipts and bank fees were listed on a locally held fund bank reconciliation that should have been previously cleared or entered into the Center records. The outstanding receipts' dates range from February 2012 to November 2013. The Center identified the bank fees as disbursements to former residents that were not cashed.
- One out of 5 (20%) Other Special Trust Fund disbursements tested, totaling $340, was assigned a receipt number instead of a disbursement number.
- One out of 5 (20%) Other Special Trust Fund disbursements tested, totaling $324, did not trace to supporting documentation.
- During testing, we noted the Center did not reach the six allotted turn over disbursements during calendar years 2013 and 2014 for its petty cash fund. The turnover rate for calendar years 2013 and 2014 were 0.60 and 1.05, respectively. The Center submitted an explanation to the Comptroller indicating a continued need for the authorized $1,000.

Ann M. Kiley Developmental Center

- During testing of cash disbursements from locally held funds, it was noted that the Center paid sales tax when purchasing items which were in accordance with the mission of the Department. Specifically, in the Other Special Trust Fund, sales tax of $48 was paid for 3 out of 5 (60%) checks tested. In the Rehabilitation Fund, sales tax of $12 was paid on 5 out of 5 (100%) checks tested.
- The Center was unable to provide adequate supporting documentation. Specifically in the Other Special Trusts Fund, supporting documentation was not provided for one disbursement in the amount of $37, resulting in an additional reimbursement of $18. In addition, the Center could not provide detail for a reconciling item in the amount of $1,342.
- The Center does not reconcile its locally held funds' bank statements to the corresponding funds' General Ledger to ensure accurate reporting of locally held funds. Instead, the Center reconciles the bank statements to the check register but not the General Ledger.
    - For the Other Special Trusts Fund, there was a difference between the July 2014 through June 2015 monthly general ledger balances and monthly bank statement balance of $559 for each month. For the Rehabilitation Fund, there was a difference between the July 2014 through April 2015 monthly general ledger balances and monthly bank statement balances of $6 for each month. There was a difference of $306 between the May 2015 and June 2015 monthly general ledger balances and monthly bank statement balances. A receipt for $514 and a disbursement for $213 were not included as reconciling items in the Center's monthly reconciliation of the Rehabilitation Fund for its May 2015 monthly reconciliation.

CURRENT FINDINGS (STATE COMPLIANCE)

- The Center did not timely post the following transactions to its General Ledger System:
  - Two Other Special Trusts Fund receipt transactions, totaling $5,266. The two receipts were deposited in the Fund's bank account in November 2014 and January 2015, however, they were not entered into the General Ledger System until May 2015. The Center also did not timely post six Other Special Trusts Fund transactions. One deposit for $5 was not posted to the General Ledger System as of June 30, 2015. Five disbursements, totaling $594, were not posted to the General Ledger System as of June 30, 2015. Three Rehabilitation Fund transactions. One disbursement for $751 was not posted to the General Ledger System as of June 30, 2015. Two deposits, totaling $405, were not posted to the General Ledger System as of June 30, 2015.
- The Center had inadequate controls over its savings account for the Resident's Trust Fund. During review of bank statements, we noted a savings account, that contained $40,000 for the Resident's Trust Fund, was being charged an inactivity fee of $5 per month for three months (April 2015 through June 2015), for a total of $15 for the examination period. During testing it was noted that the Business Administrator did not know who had access over the savings account.
- The Center did not segregate duties for the receipts cycle in the Resident's Trust Fund. During the examination period, one person had the authority to collect, record, and deposit receipts.
- The Center's petty cash log does not contain receipts (replenishments of the petty cash fund), does not contain the current balance of the petty cash fund and does not contain all disbursements listed on the petty cash fund's bank register. Additionally, at the time of our petty cash count (July 30, 2015), a petty cash log had not been developed for FY16; therefore, we could not perform a reconciliation of the current petty cash-on-hand balance to Center records.
- The Center's petty cash check register did not agree to the online bank balance at the time of testing. There was a $40 difference between the Center's check register and the online bank balance.
- The Center could not provide petty cash fund reconciliations for the cash-on-hand portion of the petty cash fund for 16 out of 24 (67%) months during the examination period.
- For 3 out of 10 (30%) petty cash replenishments totaling $95, the Center had not prepared/approved a C-13 invoice voucher for reimbursement of petty cash to be signed by the Business Administrator for approval for payment as of the date of testing.
- The Center processed 5 out of 10 (50%) requests for petty cash reimbursement, totaling $247, without one or more of the 5 reimbursement criteria outlined in Administrative Directive 01.09.01.020 being met.

<u>Clyde L. Choate Mental Health and Developmental Center</u>

- In the Other Special Trust Fund, we noted unusual Trust Fund disbursements. Specifically, we noted $4,416 to a service company for software used for billing Medicare and determining eligibility, $1,082 for employee travel (engineering staff) in prior fiscal years, and $237 for freight to return items to a medical supplies company.

- Testing noted that representative payee fees in the amounts of $27,629 and $27,284 for FY14 and FY15, respectively, were transferred from the Trust Fund into the Other Special Trust Fund payee subaccount, rather than depositing the fees as required.

The State Records Act (5 ILCS 160/8) requires the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The Department's Administrative Directive 02.08.01.010 states the Center Business Office is responsible for posting transactions onto the Locally Held Fund System (General Ledger System) timely and accurately to the proper accounts. In addition, good business practices require the Center to timely post transactions in order to ensure the safeguarding of assets, ensure the accuracy and reliability of accounting data, and promote operational efficiency.

The State Officer's and Employees Money Disposition Act (Act) (30 ILCS 230/2 (a)) requires agencies to keep in proper books a detailed itemized account of all moneys received for or on behalf of the State and pay into the State Treasury the gross amount received.

The Statewide Accounting Management System (SAMS) (Procedure 09.10.40) requires reimbursement to the Petty Cash Fund should only be made when either 50% of the fund has been exhausted, or a sufficient number of payment entries are available to fill a complete invoice voucher, or a large number of invoice tickets are on hand or immediately prior to dissolving the Petty Cash Fund. Processing guidelines should insure (1) the fund will not be depleted prior to receipt of the reimbursement warrant, (2) multi-page vouchers are not required for reimbursements, and (3) the possibility of losing petty cash invoices is kept to a minimum. SAMS also requires all Petty Cash Funds to turn over approximately six times in order to insure the proper dollar level of the fund. SAMS procedure 09.10.40 requires the Petty Cash Fund be maintained on an impress basis, i.e., cash on hand or in bank plus vendors' invoices/petty cash vouchers plus reimbursement vouchers in transit must equal the amount of the established fund at all times. Per the Center's internal procedure, when the Petty Cash Fund balance decreases to $400, a voucher is to be created reflecting check numbers, payees, and amounts.

According to the Department's Administrative Directive (Directive) 01.09.01.020, expenditures from the petty cash fund must not include payments for sales tax. An employee may not be reimbursed for payment of sales tax. The Directive requires the petty cash fund to be formally balanced and reconciled at least once a month by someone other than the custodian. The Directive requires a request for reimbursement to be made when a large number of tickets are on hand or the amount being requested represents final reimbursement for the current fiscal year (receipts through June 30). In addition, the Directive requires a proper C-13 be completed and sent to the Comptroller for issuance of the reimbursement warrant. Requests for reimbursement should also be made when either one or more of the following criteria is met:

1. 50% of the fund has been exhausted;
2. A large number of invoice tickets are on hand,
3. Before dissolving a petty cash fund;
4. Changing custodians; or
5. The amount being requested represents final reimbursement for the current fiscal year.

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 that funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management stated that the cause of this finding was staff oversight.

It is important to properly administer locally held funds as they are not subject to appropriations and are held outside the State Treasury. In addition, failure to adequately administer locally held funds could lead to fraud, theft, or the use of unavailable moneys in the funds causing overdraft charges. Inadequate administration also represents noncompliance with State statutes. Additionally, by not keeping an appropriate petty cash balance, there is an increased risk of overdrawing the account. Inadequate controls over the locally held and petty cash funds results in noncompliance with the Department of Human Services' Administrative Directives and SAMS procedures and could also result in errors or irregularities not being detected in the normal course of business. (Finding Code No. 2015-027, 2013-016, 11-23, 09-26)

RECOMMENDATION:

We recommend the Department comply with current policies and procedures regarding petty cash and locally held funds, and follow the control system in place. In addition we recommend locally held fund accounts be reconciled monthly by an individual with no other responsibilities for the fund.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will create and implement a standardized bank reconciliation form for locally held funds and provide training to all appropriate staff on the Administrative Directives for Locally held funds. The Division of Mental Health (DMH) Centers and Regional Management SODC Operations will provide oversight and monitoring by requiring periodic reporting to ensure compliance.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-028 **FINDING:** (Failure to transfer remaining fund balance as required by Illinois Public Aid Code)

The Department of Human Services (Department) failed to transfer the remaining balance in the DHS Recoveries Trust Fund (Fund 0921) to the General Revenue Fund (Fund 0001) as required by the Illinois Public Aid Code (Code) (305 ILCS 5/12-9.1).

The Code required from July 1, 1999 through June 19, 2013 that the balance in the Fund on the first day of each calendar quarter, after payment therefrom of any amounts reimbursable to the federal government, and minus the amount reasonably anticipated to be needed to make the disbursements during that quarter authorized by this Section, shall be certified by the Secretary of Human Services and transferred by the State Comptroller to the General Revenue Fund within 30 days after the first day of each calendar quarter.

The Department initially recorded this amount as a liability, but then later reversed it by recording a transfer. An actual transfer of funds, however, was not made. A statutory change to the Code was effective June 19, 2013 and no longer requires the transfer (P.A. 98-0024). However, the statutory change should have been implemented on a prospective basis beginning with the effective date. The physical transfer of the funds prior to this legislative change has still not been made.

Department management stated that when PA 98-0024 was enacted, it was DHS' belief that deleting the former transfer language meant that past transfers would no longer be required.

Failure to make required transfers from Fund 0921 to Fund 0001 and properly implement the statutory change resulted in noncompliance with the Code. (Finding Code No. 2015-028, 2013-007)

RECOMMENDATION:

We recommend the Department comply with the requirements of the Code in effect at the time or obtain a formal Attorney General opinion as to the retrospective application of P.A. 98-0024.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. DHS will pursue a statutory change that will clarify that transfers required prior to the effective date of PA 98-0024 shall not be made.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-029 **FINDING:** (Inadequate controls over returned checks)

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

During testing of non-sufficient funds (NSF) or stop payment checks, 19 out of 60 (32%) NSF checks tested were not sufficiently supported to determine if collection attempts were made. The returned checks totaled $9,984. The returned checks were entered into the Department's accounting system but no collection related support was provided from either the Cash Management Unit (CMS) or the Bureau of Collections (BOC) to indicate establishment of receivables.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2) states 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's 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." Finally, 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 returned NSF checks.

Department management stated the issues were a result of staffing turnover and vacancies.

Failure to document and maintain detailed records for NSF checks increases the risk that the Department will not be able to collect amounts owed to the Department. (Finding Code No. 2015-029, 2013-015)

RECOMMENDATION:

We recommend the Department comply with existing controls for reporting NSF checks to the Bureau of Collections timely for the establishment of receivables.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will implement additional controls to ensure NSF checks are forwarded to the Bureau of Collections on a timely basis for the establishment of receivables.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-030 **FINDING:** (Inadequate controls over refunds)

The Department of Human Services (Department) lacked controls over the Department's refund process and did not deposit the refunds timely.

In 17 of 60 (28%) refunds tested in the amount of $129,826, the refunds were not deposited in compliance with the State Officers and Employees Money Disposition Act (Act). The deposits ranged between 13 to 1,006 days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)), requires the Department to deposit into the State Treasury individual receipts exceeding $10,000 on the same day, an accumulation of receipts of $10,000 or more within 24 hours, receipts valued between $500 and $10,000 within 48 hours, and cumulative receipts valued up to $500 on the next first or fifteenth day of the month after receipt.

Department management attributed the exceptions to staffing vacancies and the lack of an integrated accounting system.

Failure to implement adequate internal controls over the processing of refunds increases the risks that errors or irregularities could occur and not be detected. (Finding Code No. 2015-030)

RECOMMENDATION:

We recommend the Department strengthen controls over the processing of refunds. This should include the timely deposit of refunds.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The Department will implement controls to ensure the timely processing and deposit of refunds.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-031 **FINDING:** (Contingency planning weaknesses)

Although progress had been made and the Department of Human Service's Disaster Recovery Plan (Plan) had been updated since the prior examination, we found the Plan still needed updating to reflect its current operational environment, and had not assured adequate recovery planning and testing had been performed at its facilities.

We reviewed the Department's Plan and noted the Plan:

- Made reference to an off-site storage location in St. Louis, MO, which is no longer in use.
- Discussed the use of physical "carts" in the back-up storage section. However, physical carts were replaced by virtual backup system.
- Did not include recovery or business continuity information for the Department's facilities.

The Department participated in the annual comprehensive Disaster Recovery exercise on October 14 and 21, 2015. The Department considered the test to be successful; however, critical systems were recovered in approximately 39 hours rather than within the required 24-hour timeframe. Additionally, not all of the Department's facilities performed adequate recovery planning and testing during the review period.

Information technology guidance (including the National Institute of Standards and Technology and Governmental Accountability Office) promotes the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and any associated documentation) 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.

Department management stated that due to competing priorities and limited personnel the disaster recovery plan has not been completely updated. The Department needs to develop a recovery methodology that includes realistic and accurate recovery stage and recovery times which reflect current operations and requirements, as well as includes additional guidance for facility DR planning.

Failure to have an updated Disaster Recovery Plan and ensuring plans are adequately tested increases the risk of extended recovery timeline and system unavailability. (Finding Code No. 2015-031, 2013-027, 11-35, 09-30, 07-28, 05-24)

RECOMMENDATION

We recommend the Department:

- Continually review and update its contingency plan to reflect the current operating environment and ensure all of its facilities have an adequately developed contingency plan.
- Continue participation in disaster recovery exercises and strive to recover critical systems within the 24-hour timeframe.
- Ensure facilities perform and document tests of their recovery capabilities at least once a year.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. MIS is currently revising their policies, standards and procedures to provide clarification, current and accurate policies and procedures that more closely align with National Institute of Standards Technology (NIST) and industry best practices. Included in this revision will be the development of a recovery methodology that incorporates the methodology of IDHS's recovery and backup provider, Central Management Services, Bureau of Communications and Computer Services. MIS will work with the program areas to ensure the criticality and recovery time objective (RTO) is accurate and reflected in the updated policy. Information will also be included regarding facility responsibilities and exercise guidance. MIS Bureau of Information Security and Audit Compliance (BIS-AC) will work with the Divisions to ensure their facilities have developed DR plans that are exercised annually and submitted to BIS-AC for review and auditing purposes.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-032 **FINDING:** (Inadequate compliance with procedures for disposal of confidential information)

The Department of Human Services (Department) had not ensured compliance with procedures for disposal of documents containing confidential 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 and securing of confidential information were not always being followed by Department employees

During our walkthroughs at the Department's Central Office, we found confidential information, including social security numbers, names, and date of birth, in recycle bins. Additionally, we noted that the Department had performed a review of physical security and reported a similar finding relating to confidential and protected information found in unsecured areas.

Additionally, documents containing confidential information were found in trash or recycle bins while performing visits at the Department's Ann M. Kiley Developmental Center and Illinois School for the Deaf.

Confidential, sensitive and personal identifiable information (including personal health information) collected and maintained by the Department should be adequately secured at all times. The Department's Directive (01.02.03.140) requires records to be secured when not in direct use by an employee who is authorized to have the records. 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.

Department management stated that employees need more robust training regarding the secure retention and destruction of protected information.

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. 2015-032, 2013-009, 11-10, 09-12, 07-09, 05-25)

CURRENT FINDINGS (STATE COMPLIANCE)

RECOMMENDATION:

We recommend the Department:

- Comply with the Directive and ensure confidential information is adequately protected.
- Review existing policies regarding the security and control of confidential information, and assure Department-wide procedures exist for ensuring confidential and personal information is adequately secured in both electronic and hardcopy format. Confidential and personal information in hardcopy format should be adequately secured at all times prior to shredding.
- Effectively communicate and enforce its procedures for safeguarding, retention, and subsequent disposal of all confidential information to all Department personnel, including facilities.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. The DHS Privacy Office will reemphasize in the HIPAA training material that supervisors and local privacy officers need to enforce compliance with the correct procedure for disposing confidential information. The training will emphasize the correct procedures for disposal of confidential information and that civil and criminal penalties and disciplinary action can be imposed against DHS employees who do not ensure confidential information is disposed of in accordance with the administrative directives and law. The HIPAA training will take place from August through September 2016. Local privacy officers' duties will include both unannounced and announced inspections of the facilities to make sure that confidential information is secured and disposed of properly.

CURRENT FINDINGS (STATE COMPLIANCE)

2015-033 **FINDING:** (Unsecured confidential information transmitted over the Internet)

The Department of Human Services (Department) regularly collects and maintains various types of documents, including confidential and personal identifiable information, necessary for fulfilling its mission.

In addition to administrative directives regarding the maintenance and safeguarding of confidential information, the Department was also required to comply with Acts that required the protection of personal information, including:

- Personal Information Protection Act (815 ILCS 530)
- Identity Protection Act (5 ILCS 179)
- Health Insurance Portability and Accountability Act

Although required to protect personal and confidential information, the Department put such information at the risk of disclosure during the examination. In addition, at the entrance and at subsequent meetings, our staff informed Department staff about the important of protecting such information, provided information on encryption resources, and specifically requested that personal information not be sent to our staff in unencrypted emails over the Internet.

Although the Department made improvements since the prior examination and notified employees of confidentiality policies and procedures, Department staff sent multiple unprotected emails to our staff from July to September that contained confidential, sensitive, or personally identifiable information.

In each case, our staff informed the sender of the infraction, asked the sender to refrain from sending such information in an email, and provided information on the availability of State's encryption resources.

Confidential, sensitive and personal identifiable information collected and maintained by the Department should be adequately secured at all times. As such, it is the Department's responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to all personnel, and continually enforced.

Department management stated that some IDHS personnel are unfamiliar with using the Entrust software to encrypt data, when and how to send secure (Transport Layer Security), and/or encrypted emails.

Failure by the Department to ensure compliance with requirements to protect confidential information can lead to such information being compromised. (Finding Code No. 2015-033, 2013-026)

RECOMMENDATION:

The Department should:

- Comply with the Acts and ensure confidential information is adequately protected.
- Effectively communicate and enforce procedures for safeguarding, retaining, and communicating confidential information to all Department personnel, including facilities.
- Provide staff with training and information on available encryption resources such as those available from the Department of Central Management Services.

DEPARTMENT RESPONSE:

The Department accepts the recommendation. IDHS Office of Information Technology (OIT) agrees with this finding and recognizes the need to protect confidential information while in transit or encrypted if it is protected information. It is the intent of OIT to push the state approved encryption resource, Entrust with the Outlook plug-in, to all IDHS workstations. This will allow users to more easily encrypt email as the software will be installed. Once this is completed, with the concurrence of the IDHS Privacy and HIPAA Officer, the intent is to change the policy so that ALL email that includes Social Security Numbers and protected health information must be encrypted. Information that would not be made available to the public and therefore classified as confidential must be sent via a secure transmission. The IDHS OIT's Bureau of Information Security and Audit Compliance (BIS-AC) has updated OneNet with additional instructions on how to send encrypted emails, and get an Illinois Digital Certificate. Additional information needs to be included regarding secure transmission utilizing the Secure Web Gateway and the Illinois FTP Transfer Site when sharing confidential information with those external to the state network. In addition, DHS MIS Information Security needs to educate and inform DHS users about security awareness and handling of confidential and protected data.

BIS-AC has also updated the Security Awareness Training to include additional information regarding the transmission of confidential and protected information. Security Awareness Training will become mandatory for all new employees and is part of mandatory annual training in October. The IDHS Privacy Office will reemphasize in the HIPAA training material that unsecured protected health information should not be transmitted over the internet without the necessary safeguards in place. The training will focus on the practical solutions that employees can use to make sure that confidential information is safeguarded, retained, and communicated both within the Department's email system and with external parties. The HIPAA training will take place from August through September 2016.

PRIOR FINDINGS NOT REPEATED

Financial Audit – Year Ended June 30, 2014

A. Weaknesses over quarterly reporting of accounts receivable

During the previous engagement, it was noted the Department submitted accounting reports (C-98) to the Comptroller that contained differences that could not be reconciled for the first two quarters of fiscal year 2014.

During the current year engagement, the Department's C-98 forms were reconciled. As a result, this finding is not repeated. (Finding Code No. 2014-004)

B. Commodity inventory system outdated and insufficient for user needs

During the previous engagement, it was noted the Department's Commodity Control System (CCS) is a batch entry system developed over 30 years ago that does not allow users real time inventory controls regarding inventory management and purchasing.

During the current year engagement, the Department began converting its pharmacy inventory from CCS to RxWorks. RxWorks is a real time inventory control system designed for pharmacies that allows for real time reports. The system also allows the Department to categorize and track different types of pharmaceutical supplies which is a feature that is not available under the CCS system. Nonpharmacy inventory is still maintained using CCS. As a result, this finding will be reported in the Department's Report of Immaterial Findings. (Finding Code No. 2014-006).

C. Inadequate controls over capital asset financial reporting

During the previous engagement, it was noted the Department's capital asset GAAP Package Forms contained several accounts that were not supported by the Department's detailed capital asset inventory records.

During the current year engagement, the Department provided support for all requested capital asset items. As a result, this finding is not repeated. (Finding Code No. 2014-007)

Compliance Examination – Two Years Ended June 30, 2013

D. Inadequate administration of closing Mental Health Centers and Developmental Centers

During the previous examination, it was noted the Department did not exercise adequate internal control while closing Mental Health Centers and Developmental Centers during the examination period.

PRIOR FINDINGS NOT REPEATED (Continued)

During the current year engagement, there were no mental health centers or developmental centers that were closed. As a result, this finding is not repeated. (Finding Code No. 2013-005)

E. Inadequate administration of the Home Services Medicaid Trust Fund

During the previous examination, it was noted the Department did not administer the Home Services Medicaid Trust Fund (Fund 0120) in compliance with the Mental Health and Developmental Disabilities Administrative Act (20 ILCS 1705/18.7).

During the current examination, no exceptions were noted while testing the SCO-563 (Grant/Contract Analysis) GAAP reporting forms for the Medical Assistance Program, CFDA No. 93.778. In addition, during grant receipts testing, we noted no federal amounts for CFDA No. 93.778 were deposited in the General Fund. As a result, this finding is not repeated. (Finding Code 2013-008)

F. Inadequate controls over receipts

During the previous examination, it was noted the Department lacked an adequate receipt reconciliation process and did not timely deposit all receipts.

During the current examination, based on testing performed, auditors did not note any significant unresolved reconciling items, receipts deposited in an untimely manner, receipt reconciliations performed in an untimely manner, or unsupported receipts. As a result, this finding is not repeated. However, when testing refunds, the auditors noted refunds were not deposited timely. See Finding Code 2015-024. (Finding Code 2013-014)

G. Access to Department production data not adequately restricted

In the prior examination, the Department did not adequately restrict programmer access to its production data. Additionally, we were unable to obtain several access request forms used to authorize access to system resources.

During the current examination, we did not identify any excessive rights for programmers. However, we were still unable to obtain all requested access requests forms used to authorize access to system resources. As such, this finding is reported in the Department's Report of Immaterial Findings. (Finding Code No. 2013-025)

PRIOR FINDINGS NOT REPEATED (Continued)

H. Weaknesses in maintaining documentation of temporary assignments

During the previous examination, it was noted the Department failed to maintain proper documentation of temporary assignments.

During the current examination, sufficient documentation supporting temporary assignments was provided. As a result, this finding is not repeated. (Finding Code 2013-021)

I. Controls over telecommunications services and expenditures

During the previous examination, the Department did not maintain adequate controls over telecommunication services and expenditures.

During the current examination, improvements were noted related to the controls over telecommunication services and expenditures. Although there were still minor exceptions reported and reported in the Departments Report of Immaterial Findings, this finding is not repeated. (Finding Code 2013-028)

J. Cellular phones not cancelled in a timely manner

During the prior examination, the Department did not always cancel cellular phones in a timely manner when an employee retired, transferred, or otherwise left the Department.

During the current examination, the Department improved on cancelling cellular phones in a timely manner. Although there were still minor exceptions reported and reported in the Department’s Report of Immaterial Findings, this finding is not repeated. (Finding Code No. 2013-029)

K. Inadequate compliance with the Fiscal Control and Internal Auditing Act

During the previous examination, it was noted the Department’s Office of the Internal Audit (OIA) did not complete audits of all the Department’s major systems of internal accounting and administrative control as required and did not perform a review of new electronic data processing system or major modifications of existing systems before their installation.

During the current examination, the OIA conducted the required audits. As a result, this finding is not repeated. (Finding Code 2013-030)

PRIOR FINDINGS NOT REPEATED (Continued)

L. Failure to comply with the Public Benefits Fraud Protection Task Force provisions of the Illinois Public Aid Code

During the previous examination, the Department failed to appoint the required members to the Task Force as outlined in the Code and did not act in an administrative capacity concerning the Task Force. In addition, the Department did not provide any information on its website concerning the Task Force. The findings and recommendation of this Task Force were to be submitted by December 31, 2011 and the Task Force was to dissolve within 90 days of the submission.

During the current examination, support was provided for the members assigned to the task force. However, based on the Department's record retention policy, it is unknown if the findings and recommendations were submitted by December 31, 2011. As the Task Force likely dissolved, this finding is not repeated. (Finding Code 2013-031)

M. Failure to make appointments in accordance with State law

During the prior examination, the Department did not make appointments to State boards and commissions as required.

During the current examination, the Department improved on making appointments to State boards and commissions as required. Although there was still an exception reported and reported in the Department's Report of Immaterial Findings, this finding is not repeated. (Finding Code No. 2013-034)

N. Noncompliance with fire safety standards

During the previous examination, the Illinois School for the Deaf did not fully comply with fire safety standards.

During the current examination, the School installed sprinkler systems in the dormitories. As a result, this finding is not repeated. (Finding Code 2013-035)

PRIOR FINDINGS NOT REPEATED (Continued)

O. Duplication of medical assistance enrollees

During the previous examination, it was noted eligibility files included duplicate enrollees for the medical assistance program under Title XIX of the Social Security Act. The Department is responsible for the determination of eligibility for medical assistance clients for which services are paid by the Department of Healthcare and Family Services (HFS). In addition, overpayments for duplicative capitation and coordinated care fee payments by HFS totaled $192,432 during fiscal year 2013.

During the current examination, the Department made improvements and reduced the duplicate medical assistance enrollees. Although there were still minor exceptions reported and reported in the Department's Report of Immaterial Findings, this finding is not repeated. (Finding Code 2013-037)

P. Medical assistance records not updated timely for deceased individuals

During the previous examination, it was noted individuals eligible for participation in the medical assistance program under Title XIX of the Social Security Act included individuals that were deceased according to the Illinois Department of Public Health Vital Records data.

During the current examination, the Department made improvements related to updating the medical assistance records for deceased individuals. Although there were still minor exceptions reported and reported in the Department's Report of Immaterial Findings, this finding is not repeated. (Finding Code 2013-038)

Q. Management Audit – Illinois Department of Public Aid's KidCare Program (July 2002)

In July 2002, the Office of the Auditor General released its report on the Program and Management Audit of the Illinois Department of Public Aid's KidCare program. This report included a recommendation that the Department of Public Aid and Human Services should assure the KidCare redeterminations are done when required and income is properly determined. IT was also noted KidCare is now referred to as ALL KIDS.

During the current examination, it was noted Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act (215 ILCS 170/63) and directed the Auditor General to annually audit the ALL KIDS program. As a result testing performed under the ALL KIDS program, this finding is not repeated. However, when conducting tests, it was noted the Department failed to make annual redeterminations as required. See Finding Code 2015-015. (Finding Code - Illinois Department of Public Aid's KidCare Program (July 2002))

PRIOR FINDINGS NOT REPEATED (Continued)

R. Management Audit – Pilsen-Little Village Community Mental Health Center, Inc. (February 2008)

In July 2008, the Office of the Auditor General released its Management Audit of Pilsen-Little Village Community Mental Health Center, Inc. This report included a recommendation that the Department should follow up on the questionable expenditures reported in this audit and seek recovery of any inappropriately expended State funds.

During the current examination, it was noted the Department recovered the monies for the automobile that was purchased with the grant funds in 2009. As a result, this finding is not repeated. (Finding Code - Pilsen-Little Village Community Mental Health Center, Inc. (February 2008))

S. Performance Audit – Medical Assistance Program, Long Term Care Eligibility Determination (September 2009)

In September 2009, the Office of the Auditor General released its report of the Performance Audit of the Medical Assistance Program, Long Term Care Eligibility Determination. The audit was conducted pursuant to House Resolution Number 1295. This audit pertained to the accuracy and impact of eligibility determination standards and procedures regarding persons applying for or receiving assistance for long term care. This report included four outstanding recommendations.

During the current examination, the Department implemented recommendations 4 and 6 and partially implemented recommendation 7. As such, these recommendations are not repeated. However, there were still exceptions identified with recommendation 1 pertaining to the consistency, reliability, and timeliness of the Medical Assistance Program computer systems and portions of recommendation 7 pertaining to established policies. Although there were still minor exceptions reported with recommendation 1 and portions of recommendation 7 and reported in the Department's Report of Immaterial Findings, this finding is not repeated. (Finding Code Performance Audit – Medical Assistance Program, Long Term Care Eligibility Determination (September 2009))

PRIOR FINDINGS NOT REPEATED (Continued)

T. Program Audit – Office of the Inspector General, Department of Human Services (December 2010)

In December 2010, the Office of the Auditor General released its report of the Program Audit of the Office of the Inspector General, Department of Human Services. The audit was conducted pursuant to section 1-17(w) of the Department of Human Services Act (Act) (20 ILCS 1305). This Act requires the Auditor General to conduct a program audit of the Department's Office of the Inspector General on an as-needed basis, as determined by the Auditor General. This report included nine outstanding recommendations.

During the current examination, sufficient documentation supporting Recommendation 1 was provided. As a result this recommendation is not repeated. However, when following up on the eight other outstanding recommendations, it was noted these were not fully implemented. See Finding Code 2015-016. (Finding Code Program Audit – Office of the Inspector General, Department of Human Services (December 2010))

U. Management Audit – Department of State Police's Administration of the Firearm Owner's Identification Act (April 2012)

In April 2012, the Office of the Auditor General released its Management Audit of the Illinois State Police's (ISP) administration of the Firearm Owners Identification Card (FOID) Act. The audit was conducted pursuant to House Resolution 89, which was adopted April 14, 2011. This resolution asked the Auditor General to specifically review what steps are taken to determine whether applicants are eligible or ineligible along with revocations and denials issued within the past three years. This report included one outstanding recommendation.

During the current examination, the Department notified users of the new reporting requirements and implemented a comprehensive public outreach and education campaign to ensure all providers are aware of their reporting responsibilities. Therefore, this finding is not repeated. (Finding Code Management Audit – Department of State Police's Administration of the Firearm Owner's Identification Act (April 2012))

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
DEPARTMENT-WIDE FINANCIAL AUDIT
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENT REPORT

SUMMARY

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

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

RSM US LLP

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

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, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Human Services' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 State of Illinois, Department of Human Services, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, 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, the major fund, and the aggregate remaining fund information of the State that is attributable to the transactions of the State of Illinois, Department of Human Services. They do not purport to, and do not, present fairly the financial position of the State of Illinois as of June 30, 2015, 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.

As discussed in Note 14, the State of Illinois, Department of Human Services adopted the reporting and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68.* The implementation of GASB Statement Nos. 68 and 71 resulted in a restatement of opening July 1, 2014 net position.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis, budgetary comparison information for the General Fund, and pension related information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit for the year ended June 30, 2015 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Illinois, Department of Human Services' basic financial statements. The accompanying supplementary information which consists of combining statements and schedules, the State compliance schedules 1 through 11, and the Analysis of Operations Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the year ended June 30, 2015, in the combining statements and schedules, and the State Compliance Schedules 1 through 11 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2015, in the combining statements and schedules, and the State Compliance Schedules 1 through 11 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules and the State Compliance Schedules 1 through 11 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the State of Illinois, Department of Human Services basic financial statements as of and for the year ended June 30, 2014 (not presented herein), and have issued our report thereon dated January 28, 2014 which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 2 through 11 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2014 financial statements. The accompanying supplementary information for the year ended June 30, 2014 in Schedules 2 through 11 has been subjected to the auditing procedures applied in the audit of the June 30, 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2014 in Schedules 2 through 11 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The Department of Human Services basic financial statements as of and for the year ended June 30, 2013 (not presented herein), were audited by other auditors whose report thereon dated January 31, 2014 expressed unmodified opinions on the respective financial statements of the governmental activities, the major fund and the aggregate remaining fund information. The report of the other auditors dated January 31, 2014 stated that the accompanying supplementary information for the year ended June 30, 2013 in Schedules 3 and 5 was subjected to the auditing procedures applied in the audit of the June 30, 2013 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2013.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2016 on our consideration of the State of Illinois, Department of Human Services' 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 internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Human Service's internal control over financial reporting and compliance.

Restricted Use of this Auditor's Report

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 agency management and is not intended to be and should not be used by anyone other than these specified parties.

RSM US LLP

Schaumburg, Illinois
March 16, 2016, except for the State Compliance Schedules
1, and 3 through 11 for which the date is
May 19, 2016

Statement of Net Position and Governmental Funds Balance Sheet

June 30, 2015 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Net Position
ASSETS					
Unexpended appropriations	$ 368,515	$ 799	$ 369,314	$ -	$ 369,314
Cash deposited with State Treasurer	74,977	210,418	285,395	-	285,395
Cash and cash equivalents	209	6,057	6,266	-	6,266
Securities lending collateral equity with State Treasurer	29,945	10,871	40,816	-	40,816
Investments	-	2,074	2,074	-	2,074
Due from other government - federal	87,625	100,397	188,022	-	188,022
Due from other government - local	-	415	415	-	415
Taxes receivable, net	-	52,120	52,120	-	52,120
Loans and notes receivable, net	-	339	339	-	339
Due from other Department funds	8,866	537	9,403	(9,403)	-
Due from other State funds	3,250	66,117	69,367	-	69,367
Due from State of Illinois component units	-	225	225	-	225
Inventories	3,773	3,547	7,320	-	7,320
Prepaid expenses	-	-	-	656	656
Recipient services and other receivables, net	1,252	161,838	163,090	-	163,090
Capital assets not being depreciated	-	-	-	2,993	2,993
Capital assets being depreciated, net	-	-	-	223,978	223,978
Total assets	578,412	615,754	1,194,166	218,224	1,412,390
Deferred outflows of resources - SERS pensions	-	-	-	885,019	885,019
Deferred outflows of resources - TRS pensions	-	-	-	1,036	1,036
Total assets and deferred outflows of resources	$ 578,412	$ 615,754	$ 1,194,166	1,104,279	2,298,445
LIABILITIES					
Accounts payable and accrued liabilities	$ 329,256	$ 195,742	$ 524,998	-	524,998
Due to other government - federal	3,801	1,521	5,322	-	5,322
Due to other government - local	6,020	13,095	19,115	-	19,115
Due to other Department fiduciary funds	30	-	30	-	30
Due to other State fiduciary funds	8	1,660	1,668	-	1,668
Due to other Department funds	537	8,866	9,403	(9,403)	-
Due to other State funds	99,495	11,583	111,078	-	111,078
Due to State of Illinois component units	1,220	4,014	5,234	-	5,234
Unearned revenue	-	21,282	21,282	-	21,282
Obligations under securities lending of State Treasurer	29,945	10,871	40,816	-	40,816
Long-term obligations:					
Due within one year	-	-	-	6,292	6,292
Due subsequent to one year	-	-	-	5,320,270	5,320,270
Total liabilities	470,312	268,634	738,946	5,317,159	6,056,105
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	52,679	163,809	216,488	(216,488)	-
Deferred inflows of resources - SERS pensions	-	-	-	290,389	290,389
Deferred inflows of resources - TRS pensions	-	-	-	291	291
Total Deferred Inflows of Resources	52,679	163,809	216,488	74,192	290,680
FUND BALANCES/NET POSITION					
Fund Balances:					
Nonspendable	3,773	4,709	8,482	(8,482)	-
Restricted	31,002	88,598	119,600	(119,600)	-
Committed	21,441	104,237	125,678	(125,678)	-
Assigned	918	-	918	(918)	-
Unassigned	(1,713)	(14,233)	(15,946)	15,946	-
Net Position:					
Net investment in capital assets	-	-	-	226,407	226,407
Restricted for health and social service programs	-	-	-	327,334	327,334
Restricted-funds held as permanent investments:					
Nonexpendable purposes	-	-	-	1,162	1,162
Expendable purposes	-	-	-	92	92
Unrestricted net position (deficit)	-	-	-	(4,603,335)	(4,603,335)
Total fund balances/net position	55,421	183,311	238,732	$ (4,287,072)	$ (4,048,340)
Total liabilities, deferred inflows and fund balances	$ 578,412	$ 615,754	$ 1,194,166		

The accompanying notes are an integral part of the basic financial statements.

State of Illinois
Department of Human Services
Reconciliation of Governmental Funds Balance Sheet
to Statement of Net Position
June 30, 2015
(Expressed in Thousands)

Total fund balances-governmental funds		$ 238,732
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		226,971
Deferred outflows of resources related to pensions are not reported in the government funds since they do not provide current financial resources. These deferred outflows of resources consist of the following:		
Deferred outflows of resources - SERS pensions	885,019	
Deferred outflows of resources -TRS pensions	1,036	886,055
Prepaid expenses for governmental activities are current uses of financial resources for funds.		656
Revenues in the Statement of Activities that do not provide current financial resources are deferred inflows of resources in the governmental funds.		216,488
Deferred inflows of resources related to pensions are not reported in the government funds since they do not use current financial resources. These deferred inflows of resources consist of the following:		
Deferred inflows of resources - SERS pensions	(290,389)	
Deferred inflows of resources -TRS pensions	(291)	(290,680)
Some liabilities reported in the Statement of Net Position do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds. These liabilities consist of:		
Net pension liability - SERS	(5,254,302)	
Net pension liability - TRS	(3,499)	
Capital lease obligations	(564)	
Compensated absences	(68,197)	(5,326,562)
Net position of governmental activities		$ (4,048,340)

The accompanying notes are an integral part of the basic financial statements.

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund	Other Non-major Funds	Total Governmental Funds	Adjustments	Statement of Activities
Expenditures/expenses:					
Health and social services	$ 3,996,463	$ 5,034,132	$ 9,030,595	$ 193,822	$ 9,224,417
Debt service - principal	321	12	333	(333)	-
Debt service - interest	119	5	124	-	124
Capital outlays	7,413	930	8,343	(8,343)	-
Total expenditures/expenses	4,004,316	5,035,079	9,039,395	185,146	9,224,541
Program revenues:					
Charges for services:					
Licenses and fees	99	8,475	8,574	-	8,574
Other charges for services	75	39,379	39,454	(750)	38,704
Total charges for services	174	47,854	48,028	(750)	47,278
Operating grant revenue:					
Federal operating grants	541,719	4,698,573	5,240,292	15,186	5,255,478
Other operating grants	5	750	755	-	755
Total operating grant revenue	541,724	4,699,323	5,241,047	15,186	5,256,233
Total program revenues	541,898	4,747,177	5,289,075	14,436	5,303,511
Net program expense					(3,921,030)
General revenues and transfers:					
General revenues:					
Interest and investment income	386	146	532	-	532
Other taxes	-	286,767	286,767	8,660	295,427
Other revenues	(151)	17,859	17,708	(546)	17,162
Appropriations from State resources	3,819,935	11,242	3,831,177	-	3,831,177
Lapsed appropriations	(103,236)	(4,237)	(107,473)	-	(107,473)
Receipts collected and transmitted to State Treasury	(113,062)	(5,829)	(118,891)	-	(118,891)
Capital lease and installment purchase financing	444	23	467	(467)	-
Transfers:					
Capital transfers from other State agencies	-	-	-	9,337	9,337
Amount of SAMS transfers-in	(36,521)	-	(36,521)	-	(36,521)
Amount of SAMS transfers-out	4,763	-	4,763	-	4,763
Transfers-in	20,930	90,069	110,999	(85,731)	25,268
Transfers-out	(93,869)	(29,012)	(122,881)	85,731	(37,150)
Total general revenues and transfers	3,499,619	367,028	3,866,647	16,984	3,883,631
Excess of revenues and transfers in over expenditures and transfers out	37,201	79,126	116,327	(116,327)	-
Change in net position	-	-	-	(37,399)	(37,399)
Fund balance/net position, July 1, 2014, as restated	21,484	100,638	122,122	(4,133,063)	(4,010,941)
Increase (decrease) for changes in inventories	(3,264)	3,547	283	(283)	-
Fund balance/net position, June 30, 2015	$ 55,421	$ 183,311	$ 238,732	$ (4,287,072)	$ (4,048,340)

The accompanying notes are an integral part of the basic financial statements.

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, 2015
(Expressed in Thousands)

Net change in fund balances	$ 116,327	
Change in inventories	283	$ 116,610
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.		
Capital expenditures	8,343	
Depreciation and losses on disposals	(35,013)	(26,670)
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 Position.		333
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 Position the installment purchase obligation is reported as a liability.		(467)
Transfers of capital assets from (to) other State agencies do not provide current financial resources and therefore, are not reported in governmental funds.		9,337
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		22,549
Deferred inflows and outflows of resources related to pensions do not provide or use current financial resources and are not reported in governmental funds.		
Change in deferred inflows	(290,680)	
Change in deferred outflows	556,373	265,693
Prepaid expenses in the Statement of Activities are reported as expenditures in governmental funds.		186
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	1,275	
Increase in net pension liability - SERS pensions	(425,423)	
Increase in net pension liability - TRS pensions	(822)	(424,970)
Change in net position of governmental activities		$ (37,399)

The accompanying notes are an integral part of the basic financial statements.

Statement of Fiduciary Net Position

June 30, 2015 (Expressed in Thousands)

	Private-Purpose Trust: Hansen-Therkelsen Memorial Deaf Student College 0123	Agency Funds
ASSETS		
Cash deposited with State Treasurer	$ 1,005	$ -
Cash and cash equivalents	-	1,353
Securities lending collateral equity with State Treasurer	450	-
Investments	-	795
Due from other government - federal	-	52
Loans and notes receivable	39	-
Due from other Department funds	-	24
Total assets	1,494	$ 2,224
LIABILITIES		
Accounts payable and accrued liabilities	-	$ 24
Obligations under securities lending of State Treasurer	450	-
Other liabilities	-	2,200
Total liabilities	450	$ 2,224
NET POSITION		
Held in trust and other purposes	$ 1,044	

The accompanying notes are an integral part of the basic financial statements.

State of Illinois

Department of Human Services

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Private-Purpose Trust
	Hansen-Therkelsen Memorial Deaf Student College 0123
Additions:	
Investment income	$ 4
Other additions	8
Total additions	12
Deductions:	
Health and social services	-
Total deductions	-
Net additions (deductions)	12
Net position, July 1, 2014	1,032
Net position, June 30, 2015	$ 1,044

The accompanying notes are an integral part of the basic financial statements.

NOTE (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 State's 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, providing preventive care programs and establishing measurable outcomes in partnership with communities.

NOTE (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

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. The Department does not report any component units.

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.

(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, 2015 and the changes in financial position for the year then ended in conformity with GAAP.

The financial activities of the Department, which consist primarily 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 position 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 government-wide statement of net position and statement of activities of the Department consist only of governmental activities, which are primarily supported by appropriations from the State and intergovernmental revenues.

The statement of net position presents the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Department's governmental activities with the difference being reported as net position. 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 taxes and all amounts related to appropriations, 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 of fund financial statements is on the major governmental fund, which is displayed in a separate column. Major funds are determined by the State Comptroller. All remaining governmental funds are aggregated and reported as non-major funds.

The Department administers the following major governmental fund (or portions thereof in the case of shared funds) of the State of Illinois' Comprehensive Annual Financial Report:

> ***General*** – This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The services which are administered by the Department and accounted for in the General Fund include, among others, health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General

Fund consistent with applicable legal requirements. The Department's portion of the General Fund is composed of a primary sub-account (General Revenue) and eight secondary sub-accounts (Illinois Veterans' Rehabilitation, Special Olympic Illinois and Special Children's Charities, Home Services Medicaid Trust, Community Developmental Disabilities Services Medicaid Trust, CMS vs AFSCME Wages Trust, Care Provider Fund for Persons with a Developmental Disability, Health and Human Services Medicaid Trust, and Community Mental Health Medicaid Trust).

Additionally, the Department reports the following fund types:

***Governmental Fund Types*:**

Special Revenue – These funds are used to account for and report the proceeds of specific revenue sources that are *restricted or committed to expenditure for specified purposes* other than debt service or capital projects. The Department does not have any major special revenue funds to disclose.

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.

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. 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. Non-exchange 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 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 debt, claims and judgments, pension expenditures and compensated absences are recorded only when payment is due. Capital asset acquisitions and principal retirements 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. All other revenue sources including fines, licenses and fees and other revenues are considered to be measurable and available only when cash is received.

(d) Shared Fund Presentation

The financial statement presentation for the General Revenue, CMS vs AFSCME Wages Trust and Care Provider Fund for Persons with a Developmental Disability subaccounts of the General Fund, and the Tobacco Settlement Recovery and Maternal and Child Health Services Block Grant, non-major 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 expenditure transactions processed by the State Comptroller's Office after June 30 annually in accordance with Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year and voucher, interfund payment, and mandatory SAMS transfer transactions held by the State Comptroller's Office at June 30.

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 that were sent to the State Treasury for deposit.

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 provisions 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 position and statement of activities to minimize the "grossing-up" effect on assets and liabilities within the governmental activities column of the Department, and to eliminate transfers between funds 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 position. Similarly, amounts reported in the governmental funds statement of revenues, expenditures and changes in fund balance as transfers in and transfers out, have been eliminated in the government wide statement of activities. 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 position 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 3 months or less at the time of purchase. Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, cash invested in the Illinois Funds and money market accounts for locally held funds.

(g) Investments

Most investments are reported at fair value. The Illinois Funds, a 2a7-like pool is reported at amortized cost. 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. Inventories reported in governmental funds do not reflect current appropriable resources, and therefore, the Department reports an equivalent portion of fund balance as nonspendable.

(i) Prepaid Items

Payments made to vendors for services that will benefit periods beyond the date of this report are recorded as expenditures in the governmental funds and as prepaid expenses in the government wide statement of net position.

(j) Interfund Transactions

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

Interfund Borrowings – Interfund loans made in accordance with State statute that are to be repaid with interest to the lender fund. Interfund borrowings are reported as "due to other funds" in lender funds and "due from other funds" in borrower funds.

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 sheet or the government-wide statement of net position.

Designated Revenues – Revenues specifically restricted or committed by State statute initially received by another fund and subsequently distributed to a special revenue fund. Designated revenues are reported as revenues in the receiving special revenue fund and a reduction of revenues in the fund of initial deposit.

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.

(k) Capital Assets

Capital assets, which include property, plant, equipment, and intangibles are reported at cost or estimated historical cost. Capital assets transferred from other State agencies are recorded at their carryover basis. Contributed assets are reported at estimated fair value at the time received. Capital assets are depreciated/amortized using the straight-line method.

Capitalization thresholds (amounts expressed in whole dollars) 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	3 - 50
Site Improvements	25,000	3 - 50
Buildings	100,000	10 - 60
Building Improvements	25,000	10 - 45
Equipment	5,000	3 - 25
Purchased Computer Software	25,000	3 - 5
Internally Generated Computer Software	1,000,000	5 - 20

(l) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenues in governmental funds include receivables not “available” to finance the current period.

(m) Compensated Absences

The liability for compensated absences reported in the government-wide statement of net position 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 is calculated based on the employees’ salary at June 30 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.

(n) Pensions

In accordance with the Department's adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense have been recognized in the government-wide financial statements.

The net pension liability is calculated as the difference between the actuarially calculated value of the projected benefit payments attributed to past periods of service and the plans' fiduciary net position. The total pension expense is comprised of the service cost or actuarial present value of projected benefit payments attributed to the valuation year, interest on the total pension liability, plan administrative expenses, current year benefit changes, and other changes in plan fiduciary net position less employee contributions and projected earnings on plan investments. Additionally, the total pension expense includes the annual recognition of outflows and inflows of resources due to pension assets and liabilities.

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, pension expense and expenditures associated with the Department's contribution requirements, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported within the separately issued plan financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with terms of the plan. Investments are reported at fair value.

In the governmental fund financial statements, pension expenditures represent amounts paid to the pension plan and the change between the beginning and ending balances of amounts owed to the plan for contributions.

(o) Fund Balances

For the year ended June 30, 2015, components of fund balance include the following captions:

Nonspendable – Fund balance component resulting from portions of net resources that cannot be spent because of their form or because they must be legally or contractually maintained intact.

Restricted – Fund balance component resulting from enforceable external limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments as well as limitations imposed by law through constitutional provision or enabling legislation.

Committed – Fund balance component resulting from self-imposed limitations set in place prior to the end of the reporting period. The limitations are imposed at the highest level of decision-making authority that requires formal action at the same level to remove. For the Department, the State Legislature is the highest level of decision-making. In order to commit fund balance for a specific purpose, the State Legislature must enact a law specifying the commitment.

Assigned – Fund balance component resulting from limitations on intended use established by the Department itself. The intended use is established by an official designated for that purpose. The Secretary of the Department has been designated by the Office of the Governor for this purpose.

Unassigned – Total fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance, and deficit residual fund balances in other governmental funds.

If there is an expenditure incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) fund balance is available, the Department considers restricted fund balance to be spent before unrestricted fund balance. In addition, if there is an expenditure incurred for which committed, assigned or unassigned fund balance may be used, the Department considers committed fund balance to be spent before assigned fund balance and assigned fund balance to be spent before unassigned fund balance.

(p) Net Position

Net position represents the difference of assets plus deferred outflows and liabilities plus deferred inflows of resources. In the government-wide statement of net position, equity is displayed in three components as follows:

Net Investment in Capital Assets – This consists of capital assets, net of accumulated depreciation/amortization, 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. The Department's restricted net position is restricted by outside parties or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

(q) 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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

(r) Recent and Future Accounting Pronouncements

Effective for the year ending June 30, 2015, the Department adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, expenses, and expenditures. The statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this Statement significantly impacted the Department's government-wide financial statements and footnote disclosures with the recognition of a net pension liability, deferred outflows of resources and deferred inflows of resources on the Statement of Net Position and pension expense on the Statement of Activities. Additionally, the requirements of this statement resulted in the restatement of beginning net position. Information regarding the Department's participation in the State Employee Retirement System (SERS) and the Teachers' Retirement System (TRS) is disclosed in Note 9.

Effective for the year ending June 30, 2015, the Department adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68,* which addresses an issue regarding the application of the transition provisions of GASB Statement No. 68. The statement clarifies the accounting for contributions to a defined benefit pension plan after the measurement date of a government's beginning net pension liability. The provisions of this statement were incorporated with the implementation of GASB Statement No. 68.

Effective for the year ending June 30, 2016, the Agency will adopt the following GASB statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

- GASB Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* which establishes requirements for those pensions and pension plans that are not administered through a trust not covered by Statements 67 and 68.

- GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is intended to improve financial reporting for governments by establishing a framework for the evaluation of accounting guidance that will result in governments applying that guidance with less variation. That will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. This Statement also is intended to improve implementation guidance by elevating its authoritative status to a level that requires it be exposed for a period of broad public comment prior to issuance, as is done for other GASB pronouncements.

Effective for the year ending June 30, 2017, the Agency will adopt the following GASB statements:

- GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* which addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. This Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

- GASB Statement 77, *Tax Abatement Disclosures*, which is intended to improve financial reporting by requiring disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues.

Effective for the year ending June 30, 2018, the Agency will adopt the following GASB statements:

- GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of Statement 45 and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. This Statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

The Department has not yet determined the impact on the Department's financial statements as a result of adopting these statements; however, the provisions of GASB Statement No. 75 are expected to have a material negative impact on the net position of governmental activities.

NOTE (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 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. Details on the nature of these deposits and investments are 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 Department's deposits may not be returned. 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 had a carrying amount and a bank balance of $9.203 million at June 30, 2015.

Of the total bank balances, $4.7 million was uninsured within collateral held by the financial institution but not in DHS's name, and $1.3 million was uninsured and uncollateralized.

(b) Investments

As of June 30, 2015, the Department had the following investments outside of the State Treasury:

Governmental Activities	Fair Value (Thousands)	Weighted Average Maturity (Years)
U.S. Agency Obligations	$ 45	1.750
Total Governmental Activities	$ 45	

The Department also has $1,117 invested with The Illinois Funds. The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The Department is authorized by Illinois State Statute to invest in the following:

1. Obligations of the U.S. Treasury, its agencies, and instrumentalities
2. Savings accounts, certificates of deposit, or time deposits that are direct obligations of any bank that is insured by the Federal Deposit Insurance Corporation
3. Commercial paper noted within the three highest classifications by at least two standard rating services
4. Obligations of states and their political subdivisions
5. Shares or other securities issued by savings and loan associations that are insured by the Federal Savings and Loan Insurance Corporation
6. Insured accounts of a credit union whose principal office is located in the State of Illinois
7. Illinois Funds Money Market Fund
8. Money market mutual funds where the portfolio is limited to U.S. government securities
9. Repurchase agreements where the Department or its authorized third-party agent takes possession of the securities

Interest Rate Risk – The Department's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
Credit Risk – The Department's investment policy does not address credit risk. The U.S. Agency Obligations were rated Aaa by Moody's Investors Services or AA+ by Standard & Poor's ratings. The Illinois Funds was rated AAAm by Standard & Poor's.

Reconciliation to Statement of Net Position and Statement of Fiduciary Net Position

The amounts reported as investments in the statement of net position and the statement of fiduciary net position contain certain long-term deposits to reflect their lack of liquidity. A reconciliation (amounts expressed in thousands) follows:

Governmental Activities	**Cash & Cash Equivalents/ Deposits**	**Investments**
Amounts per note	$ 7,198	$ 1,117
Deposits held for investment purposes	(1,084)	1,084
Cash equivalents	127	(127)
Petty cash	25	-
Amounts per Statement of Net Position	$ 6,266	$ 2,074
Fiduciary Funds		
Amounts per note	$ 2,133	$ -
Deposits held for investment purposes	(795)	795
Petty cash	15	-
Amounts per Statement of Fiduciary Net Position	$ 1,353	$ 795

NOTE (4) - Other Receivables

Other receivables at June 30, 2015 (amounts expressed in thousands) consisted of the following:

	Governmental Funds	
Revenue Source	**General Fund**	**Non-major Funds**
Fines and fees	$ -	$ 2,469
Public assistance recoveries	9,872	4,364
Rebates	-	11,835
Recipient services	7,621	479,102
Investment and other income	28	489
Total other receivables	17,521	498,259
Allowance for uncollectible amounts	(16,269)	(336,421)
Other receivables, net	$ 1,252	$ 161,838

NOTE (5) - Securities Lending Transactions

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasurer has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasurer's securities to broker-dealers and banks pursuant to a form of loan agreement.

During fiscal year 2015, Deutsche Bank AG lent U.S. Agency securities and U.S. Treasury securities and received as collateral U.S. dollar denominated cash. Borrowers were required to deliver collateral for each loan equal to at least 100% of the aggregate fair value of the loaned securities. Loans are marked to market daily. If the fair value of collateral falls below 100%, the borrower must provide additional collateral to raise the fair value to 100%.

The State Treasurer did not impose any restrictions on loan amounts of available and eligible securities during fiscal year 2015. In the event of borrower default, Deutsche Bank AG provides the State Treasurer with counterparty default indemnification. In addition, Deutsche Bank AG is obligated to indemnify the State Treasurer if Deutsche Bank AG loses any securities, collateral or investments of the State Treasurer in Deutsche Bank AG's custody. Moreover, there were no losses during fiscal years 2015 resulting from a default of the borrowers or Deutsche Bank AG.

During fiscal year 2015, the State Treasurer and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested in repurchase agreements with approved counterparties collateralized with securities approved by Deutsche Bank AG and marked to market daily at no less than 102%. Because the loans are terminable at will, their duration did not generally match the duration of the investments made with cash collateral. The State Treasurer had no credit risk as a result of its securities lending program as the collateral held exceeded the fair value of the securities lent. The securities lending collateral received that was invested in repurchase agreements and the fair value of securities on loan for the State Treasurer as of June 30, 2015 were $4,007,450,623 and $3,980,606,070, respectively.

NOTE (6) - Interfund Balances and Activity

(a) Balances Due from/to Other Funds

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due from other Department and State of Illinois funds:

	Due from Other		
Fund Type	**Department Funds**	**State Funds**	**Description/Purpose**
General	$ 8,866	$ 3,250	See comment that follows.
Non-major governmental	537	66,117	See comment that follows.
Fiduciary	24	-	See comment that follows.
Totals	$ 9,427	$ 69,367	

General - Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.

Non-major governmental - Due from other Department funds for required transfers and expenditure reimbursements and other State funds for expenditure reimbursements.

Fiduciary - Due from other Department Funds for post-employment benefits.

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due to other Department and State of Illinois funds:

	Due to Other				
Fund Type	**Department Funds**	**State Funds**	**Department Fiduciary Funds**	**State Fiduciary Funds**	**Description/Purpose**
General	$ 537	$ 99,495	$ 30	$ 8	See comment below.
Non-major governmental	8,866	11,583	-	1,660	See comment below.
Totals	$ 9,403	$ 111,078	$ 30	$ 1,668	

General **-** Due to other Department funds and other Department fiduciary funds for expenditure reimbursements, other State funds for expenditure reimbursements, and other Department fiduciary funds for postemployment benefits.

Non-major governmental **-** Due to other Department funds for required transfers and expenditure reimbursements, other State funds for expenditure reimbursements.

(b) Transfers from/to Other Funds

Interfund transfers-in (amounts expressed in thousands) for the year ended June 30, 2015, were as follows:

	Transfers-in from Other		
Fund Type	**Department Funds**	**State Funds**	**Description/Purpose**
General	$ -	$ 20,000	Transfer from other Department funds and other State funds pursuant to statute.
Non-major governmental	85,731	5,268	Transfers from other Department funds and other State funds pursuant to statute and annual appropriations bill.
Totals	$ 85,731	$ 25,268	

Interfund transfers-out (amounts expressed in thousands) for the year ended June 30, 2015, were as follows:

	Transfers-out to Other		
Fund Type	**Department Funds**	**State Funds**	**Description/Purpose**
General	$ 85,719	$ 8,150	Transfers to other Department funds pursuant to statute and to other State funds for State budget shortfalls.
Non-major governmental	12	29,000	Transfers to other Department funds pursuant to statute.
Totals	$ 85,731	$ 37,150	

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

The following balances (amounts expressed in thousands) at June 30, 2015 represent amounts due from/to State of Illinois component units for reimbursement for expenses incurred:

	"Due from" amounts	"Due to" amounts	
Component Unit	**Non-major Governmental Funds**	**General Fund**	**Non-major Governmental Funds**
Toll Highway Authority	$ -	$ 4	$ -
Chicago State University	-	4	5
Eastern Illinois University	-	120	56
Governors State University	-	-	47
Northeastern Illinois University	-	5	20
Western Illinois University	-	-	107
Illinois State University	-	-	4
Northern Illinois University	-	9	40
Southern Illinois University	-	79	511
University of Illinois	225	999	3,224
Totals	$ 225	$ 1,220	$ 4,014

NOTE (7) - Capital Assets

Capital asset activity (amounts expressed in thousands) for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Additions	Deletions	Net Transfers	Balance June 30, 2015
Capital assets not being depreciated/amortized:					
Land and land improvements	$ 2,993	$ -	$ -	$ -	$ 2,993
Internally generated intangible assets in development	14,547	5,110	-	(19,657)	-
Total capital assets not being depreciated/amortized	17,540	5,110	-	(19,657)	2,993
Capital assets being depreciated/amortized:					
Site improvements	81,491	-	195	-	81,296
Buildings and building improvements	534,363	279	3,897	9,824	540,569
Equipment	31,799	2,487	5,587	3,297	31,996
Capital leases - equipment	1,806	467	1,447	-	826
Non-internally generated software	204	-	-	-	204
Internally generated software	67,071	-	-	14,547	81,618
Total capital assets being depreciated/amortized	716,734	3,233	11,126	27,668	736,509
Less accumulated depreciation/amortization:					
Site improvements	70,920	1,421	-	-	72,341
Buildings and building improvements	392,957	13,659	-	-	406,616
Equipment	22,437	6,481	6,656	(1,326)	20,936
Capital leases - equipment	1,409	348	1,447	-	310
Non-internally generated software	149	39	-	-	188
Internally generated software	2,098	10,042	-	-	12,140
Total accumulated depreciation/amortization	489,970	31,990	8,103	(1,326)	512,531
Total capital assets being depreciated/amortized, net	226,764	(28,757)	3,023	28,994	223,978
Total capital assets, net	$ 244,304	$ (23,647)	$ 3,023	$ 9,337	$ 226,971

Depreciation expense for governmental activities (amounts expressed in thousands) for the year ended June 30, 2015 was charged as follows:

Health and social services	$ 31,990

NOTE (8) - Long-term Obligations

(a) Changes in Long-term Obligations

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 2015, were as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Amounts Due Within One Year
Other long-term obligations:					
Compensated absences	$ 69,472	$ 101,842	$ 103,117	$ 68,197	$ 6,069
Capital lease obligations	429	467	332	564	223
Installment purchase obligations	-	86	86	-	-
Net pension liability - SERS	4,828,879	425,423	-	5,254,302	-
Net pension liability - TRS	2,677	822	-	3,499	-
Totals	$ 4,901,457	$ 528,640	$ 103,535	$ 5,326,562	$ 6,292

Compensated absences will be liquidated by the applicable governmental funds that account for the salaries and wages of the related employees. Net pension liabilities will be liquidated though the General Revenue Fund, and the special revenue funds that report wages. The capital lease obligations will be liquidated primarily by the General Revenue Fund.

(b) Capital Lease Obligations

The Department leases office and computer equipment with a historical cost and accumulated depreciation (amounts expressed in thousands) of $825 and $309, respectively, under capital lease arrangements. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered non-cancelable leases for financial reporting. Future minimum lease payments (amounts expressed in thousands) at June 30, 2015 are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	$ 223	$ 172	$ 395
2017	211	100	311
2018	130	19	149
Totals	$ 564	$ 291	$ 855

Installment Purchase Obligations

The Department had acquired certain office equipment, computer equipment, and other assets through installment purchase arrangements. Installment Purchase obligation debt was paid off in fiscal year 2015.

NOTE (9) - Defined Benefit Pension Plans

Plan Description. 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. Additionally, a small number of the Department's employees participate in the Teachers' Retirement System (TRS). The SERS is a single-employer defined benefit pension trust fund in which State employees participate except those covered by the State Universities, Teachers', General Assembly, and Judges' Retirement Systems. SERS is governed by article 14 of the Illinois Pension Code (40 ILCS 5/1, et al.). The Teachers' Retirement System (TRS) is the administrator of a cost-sharing multiple-employer public employee defined benefit pension plan with a "special funding situation". TRS provides coverage to personnel in positions that require a certification under the teacher certification law that are employed by public school districts in Illinois (excluding Chicago), special districts and certain State agencies. There are 859 local school districts, 136 special districts, and 18 other State agencies that contribute to the TRS plan. The State of Illinois, as a nonemployer contributing entity, is legally mandated to make contributions to TRS, thus creating a special funding relationship with the plan. TRS is governed by article 16 of the Illinois Pension Code and amendments can be made only by legislative action with the Governor's approval.

Both plans consist of two tiers of contribution requirements and benefit levels based on when an employee was hired. Members who first become an employee and participate under any of the State's retirement plans on or after January 1, 2011 are members of Tier 2, while Tier 1 consists of employees hired before January 1, 2011 or those who have service credit prior to January 1, 2011. The provisions below apply to both Tier 1 and 2 members, except where noted.

Both plans also issue a publicly available financial report that includes financial statements and required supplementary information for that plan. Those reports are available on the respective plan websites or may be obtained by writing or calling the plan as follows:

- State Employees' Retirement System, 2101 South Veterans Parkway, PO Box 19255, Springfield, Illinois, 62794-9255, (217) 785-2340 or www.srs.illinois.gov.
- Teachers' Retirement System, 2815 West Washington Street, PO Box 19253, Springfield, Illinois, 62794-9253, (217) 753-0311 or www.trs.illinois.gov.

Benefit Provisions.

State Employee Retirement System
SERS provides retirement, disability and death benefits based on the member's final average compensation and the number of years of credited service that have been established. The

retirement benefit formula available to general State employees is 1.67% for each year of covered service and 2.2% for each year of noncovered service. The maximum retirement annuity payable is 75% of final average compensation as calculated under the regular formula. The minimum monthly retirement annuity payable is $15.00 for each year of covered employment and $25.00 for each year of noncovered employment.

Participants in SERS under the regular formula Tier 1 and Tier 2 receive the following levels of benefits based on the respective age and years of service credits.

Regular Formula Tier 1	**Regular Formula Tier 2**
A member must have a minimum of eight years of service credit and may retire at: • Age 60, with 8 years of service credit. • Any age, when the member's age (years & whole months) plus years of service credit (years & whole months) equal 85 years (1,020 months) (Rule of 85) with eight years of credited service. • Between ages 55-60 with 25-30 years of service credit (reduced 1/2 of 1% for each month under age 60). The retirement benefit is based on final average compensation and credited service. Final average compensation is the 48 highest consecutive months of service within the last 120 months of service. Under the Rule of 85, a member is eligible for the first 3% increase on January 1 following the first full year of retirement, even if the member is not age 60. If the member retires at age 60 or older, he/she will receive a 3% pension increase every year on January 1, following the first full year of retirement. If the member retires before age 60 with a reduced retirement benefit, he/she will receive a 3% pension increase every January 1 after the member turns age 60 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.	A member must have a minimum of 10 years of credited service and may retire at: • Age 67, with 10 years of credited service. • Between ages 62-67 with 10 years of credited service (reduced 1/2 of 1% for each month under age 67). The retirement benefit is based on final average compensation and credited service. For regular formula employees, final average compensation is the average of the 96 highest consecutive months of service within the last 120 months of service. The retirement benefit is calculated on a maximum salary of $106,800. This amount increases annually by 3% or one-half of the Consumer Price Index, whichever is less. If the member retires at age 67 or older, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every year on January 1, following the first full year of retirement. The calendar year 2014 rate is $110,631. If the member retires before age 67 with a reduced retirement benefit, he/she will receive a pension increase of 3% or one-half of the Consumer Price Index for the preceding calendar year, whichever is less, every January 1 after the member turns age 67 and has been retired at least one full year. These pension increases are not limited by the 75% maximum.

Additionally, the Plan provides an alternative retirement formula for State employees in high-risk jobs, such as State policemen, fire fighters, and security employees. Employees qualifying for benefits under the alternative formula may retire at an earlier age depending on membership in Tier 1 or Tier 2. The retirement formula is 2.5% for each year of covered service and 3.0% for each year of non-covered service. The maximum retirement annuity payable is 80% of final average compensation as calculated under the alternative formula.

SERS also provides occupational and nonoccupational (including temporary) disability benefits. To be eligible for nonoccupational (including temporary) disability benefits, an employee must have at least eighteen months of credited service to the System. The nonoccupational (including temporary) disability benefit is equal to 50% of the monthly rate of compensation of the employee on the date of removal from the payroll. Occupational disability benefits are provided when the member becomes disabled as a direct result of injuries or diseases arising out of and in the course of State employment. The monthly benefit is equal to 75% of the monthly rate of compensation on the date of removal from the payroll. This benefit amount is reduced by Workers' Compensation or payments under the Occupational Diseases Act.

Occupational and nonoccupational death benefits are also available through the System. Certain nonoccupational death benefits vest after eighteen months of credited service. Occupational death benefits are provided from the date of employment.

Teachers' Retirement System
TRS provides retirement benefits, whereby, most members retire under a formula that provides 2.2% of final average salary up to a maximum of 75% with 34 years of service. Under Tier 1, a member qualifies for an age retirement annuity after reaching age 62 with 5 years of credited service, age 60 with 10 years of credited service, age 55 with 20 years of credited service, or between the ages of 55 and 60 with fewer than 35 years of service (reduced ½ percent for each month under age 60). The retirement benefit is based on the final average salary which is the average salary for the highest four consecutive years within the last ten years of credited service. Annual automatic increases equal to 3% are provided to essentially all retirees. Under Tier 2, a member qualifies for an age retirement annuity after reaching age 62 with 10 years of credited service at a discounted rate or age 67 with 10 years of credited service. The retirement benefit is based on the final average salary which for Tier 2 is the average salary for the highest eight consecutive years within the last ten years of credited service. Annual automatic increases equal to the lesser of 3% or one half of the Consumer Price Index with the adjustment applied to the original benefit are provided to Tier 2 retirees. Disability and death benefits are also provided by TRS.

Contributions.

State Employee Retirement System
Contribution requirements of active employees and the State are established in accordance with Chapter 40, section 5/14-133 of the Illinois Compiled Statutes. Member contributions are based on fixed percentages of covered payroll ranging between 4.00% and 12.50%. Employee contributions are fully refundable, without interest, upon withdrawal from State employment. Tier 1 members contribute based on total annual compensation. Tier 2 members contribute based on an annual compensation rate not to exceed $106,800 with limitations for future years increased by the lessor of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2015, this amount was $111,572.

The State is required to make payment for the required departmental employer contributions, all allowances, annuities, any benefits granted under Chapter 40, Article 5/14 of the ILCS and all administrative expenses of the System to the extent specified in the ILCS. State law provides that the employer contribution rate be determined based upon the results of each annual actuarial valuation.

For fiscal year 2015, the required employer contributions were computed in accordance with the State's funding plan. This funding legislation provides for a systematic 50-year funding plan with an ultimate goal to achieve 90% funding of the plan's liabilities. In addition, the funding plan provided for a 15-year phase-in period to allow the State to adapt to the increased financial commitment. Since the 15-year phase-in period ended June 30, 2010, the State's contribution will remain at a level percentage of payroll for the next 35 years until the 90% funded level is achieved. For fiscal year 2015, the employer contribution rate was 42.339%. The Department's contribution amount for fiscal year 2015 was $885 million.

Teachers' Retirement System

The State maintains the primary responsibility for funding TRS. The Illinois Pension Code, as appended by Public Act 88-0593 and subsequent acts, provides that for years 2010 through 2045, the minimum contribution to TRS for each fiscal year be an amount determined to be sufficient to bring the total assets of TRS up to 90% funding. Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The active member contribution rate for the year ended June 30, 2015 was 9.4% of creditable earnings. Employer contributions are made by or on behalf of employers from several sources. The State of Illinois provides the largest source of contributions through State appropriations. Employers also make contributions of 0.58% of total credited earnings for the 2.2 benefit formula change and for teachers who are paid from federal funds. The Department contributed $0.182 million for FY 2015. Additionally, employers contribute their portion of the cost of the Early Retirement Option and any excess salary increase or sick leave costs due as defined within Chapter 40, section 5/16 of the Illinois Compiled Statutes.

For TRS, employee contributions are fully refundable, without interest, upon withdrawal from applicable employment. For Tier 1 members, there is no annual compensation limit on contributions. For Tier 2 members, annual compensation on which contributions are taken cannot exceed $106,800. This amount increases annually by the lessor of 3% or one-half of the annual percentage increase in the Consumer Price Index. For 2015, this amount was $111,572.

Pension liability, deferred outflows of resources, deferred inflows of resources and expense related to pensions.

State Employee Retirement System

At June 30, 2015, the Department reported a liability of $5.254 billion for its proportionate share of the State's net pension liability for SERS on the statement of net position. The net pension liability was measured as of June 30, 2014 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Department's portion of the net pension liability was based on the Department's proportion of employer contributions relative to all employer contributions made to the plan during the year ended June 30, 2014 for all funds except the General Revenue Fund. The General Revenue Fund allocation was based on covered payroll. As of the current year measurement date of June 30, 2014, the Department's overall proportion was 19.3861%, which was a decrease of .3902% from its overall proportion measured as of the prior year measurement date of June 30, 2013.

For the year ended June 30, 2015, the Department recognized pension expense of $517.4 million. At June 30, 2015, the Department reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 22,893	$ -
Changes of assumptions	476,436	-
Net difference between projected and actual investment earnings on pension plan investments	-	187,327
Changes in proportion	28,536	103,062
Department contributions subsequent to the measurement date	357,154	-
Total	$ 885,019	$ 290,389

$357.2 million reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,	SERS
2016	$ 71,544
2017	71,544
2018	71,544
2019	22,844
Total	$ 237,476

Teachers' Retirement System

At June 30, 2015, the Department reported a liability of $3.499 million for its proportionate share of the TRS net pension liability on the statement of net position. The net pension liability was measured as of June 30, 2014 (current year measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, and rolled forward to June 30, 2014. The Department's portion of the net pension liability was based on the Department' contributions relative to the contributions of all participating TRS employers and the State during the year ended June 30, 2014. As of the current year measurement date of June 30, 2014, the Department's proportion was approximately 0.006%.

For the year ended June 30, 2015, the Department recognized pension expense of $455 thousand. At June 30, 2015, the Department reported deferred outflows and deferred inflows of resources related to the pension liability from the following sources (amounts expressed in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2	$ -
Changes of assumptions	-	-
Net difference between projected and actual investment earnings on pension plan investments	-	176
Changes in proportion	852	115
Department contributions subsequent to the measurement date	182	-
Total	$ 1,036	$ 291

$182 thousand reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as pension expense as follows (amounts expressed in thousands):

Year ended June 30,	TRS
2016	$ 135
2017	135
2018	135
2019	135
2020	23
Thereafter	-
Total	$ 563

Actuarial Methods and Assumptions. The total pension liability was determined by actuarial valuations using the following actuarial assumptions, applied to all periods included in the measurement:

	SERS	TRS
Valuation date	6/30/2014	6/30/2013*
Measurement date	6/30/2014	6/30/2014
Actuarial cost method	Entry Age	Entry Age
Actuarial assumptions:		
Investment rate of return	7.25%	7.5%
Projected salary increases**	3.50% - 7.92%	4.75% - 9.9%
Inflation rate	3.0%	3.0%
Postretirement benefit increases		
Tier 1	3%, compounded	3%, compounded
Tier 2	Lesser of 3% or 1/2 of CPI^, on original benefit	Lesser of 3% or 1/2 of CPI^, not compounded
Retirement age experience study ^^	July 2009 - June 2013	July 2006 - June 2011
Mortality^^^		
SERS	105 percent of the RP 2014 Healthy Annuitant table, sex distinct, with rates projected to 2015	
TRS	RP - 2000 Mortality Tables with future mortality improvements on a generational basis	

* The total pension liability is based on an actuarial valuation date of June 30, 2013, rolled-forward to the measurement date using generally accepted actuarial procedures.

** Includes inflation rate listed.

^ Consumer Price Index

^^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

^^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

State Employees Retirement System
The long-term expected real rate of return on pension plan investments was determined based on the simulated average 10-year annualized geometric return for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. For each major asset class that is included in the pension plan's target asset allocation, calculated as of the measurement date of June 30, 2014, the best estimates of the geometric real rates of return as summarized in the following table:

	SERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	30%	5.69%
Fixed Income	20%	1.62%
Hedge Funds	10%	4.00%
International Equity	20%	6.23%
Real Estate	10%	5.50%
Infrastructure	5%	6.00%
Private Equity	5%	10.10%
Total	**100%**	**5.03%**

Teachers' Retirement System
The long-term expected rate of return assumption on pension plan investments under the TRS plan was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For each major asset class included in the pension plan's target asset allocation as of June 30, 2014, the measurement date, the best estimates of the expected arithmetic real rates of return are summarized in the following table:

	TRS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	18%	8.23%
Global Equity Excluding U.S.	18%	8.58%
Aggregate bonds	16%	2.27%
U.S. TIPS	2%	3.52%
NCREIF	11%	5.81%
Opportunistic Real Estate	4%	9.79%
ARS	8%	3.27%
Risk Parity	8%	5.57%
Diversified Inflation Strategy	1%	3.96%
Private Equity	14%	13.03%
Total	**100%**	

Discount Rate

State Employee Retirement System
A discount rate of 7.09% was used to measure the total pension liability. This single blended discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 4.29%, based on an index of 20 year general obligation bonds with an average AA credit rating as published by the Federal Reserve. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made based on the statutorily required rates under Illinois law. Based on these assumptions, the pension plan's fiduciary net position and future contributions will be sufficient to finance the benefit payments through the year 2065 for SERS. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date for SERS.

Teachers' Retirement System
A discount rate of 7.50% was used to measure the total pension liability. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates. For TRS, the plan's fiduciary net position is deemed sufficient to provide for all benefit payments to current plan members. As such, the discount rate which is equivalent to the long-term expected rate of return has been applied to all benefit payments for the liability calculation.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The net pension liabilities for SERS and TRS were calculated using the stated discount rate, as well as what the net pension liabilities would be if they were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate as shown below (amounts expressed in thousands):

	1% Decrease 6.09%	Discount Rate 7.09%	1% Increase 8.09%
Department's proportionate share of the SERS net pension liability	$ 6,330,945	$ 5,254,315	$ 4,360,092

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Department's proportionate share of the TRS net pension liability	$ 4,320	$ 3,499	$ 2,818

Payables to the pension plan. At June 30, 2015, the Department reported a payable of $1.673 million and $3 thousand to SERS and TRS, respectively, for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

NOTE (10) - Post-employment Benefits

The State, under the State Employees Group Insurance Act of 1971 (Act) provides health, dental, vision and life insurance benefits for retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for these other post-employment benefits (OPEB) if they eventually become annuitants of one of the State sponsored pension plans. Historically, the health, dental, and vision benefits provided to and contribution amounts required from annuitants have been the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with the limitations established in the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date 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. The State also provides life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time the benefit amount becomes $5,000.

Public Act 97-0695, effective July 1, 2012, alters the contributions to be paid by the State, annuitants, survivors, and retired employees under the Act. Public Act 97-0695 requires the Director of the Department of Central Management Services to, on an annual basis, determine the amount that the State should contribute. The remainder of the cost of coverage shall be the responsibility of the annuitant, survivor, or retired employee. The costs were assessed beginning July 1, 2013. On August 28, 2014, the Sangamon County Circuit Court directed the State Employee Retirement System to discontinue withholding, as soon as possible, the retiree and survivor health insurance premiums that were in effect since July 2013. The refunding of premiums paid since July 2013 was repaid from an escrow account by June 15, 2015.

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 expenditure 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 benefits 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 Central Management Services. A copy of the financial statements of the Department of Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

NOTE (11) - Fund Balances

(a) Categories

At June 30, 2015, the Department's fund balances were classified as follows:

	General Fund	Non-major Governmental Funds	Total
Nonspendable:			
Inventory	$ 3,773	$ 3,547	$ 7,320
Permanent endowments	-	1,162	1,162
Total nonspendable	3,773	4,709	8,482
Restricted purposes:			
Health and social services	31,002	88,598	119,600
Committed purposes:			
Health and social services	21,441	104,237	125,678
Assigned:			
Health and social services	918	-	918
Unassigned	(1,713)	(14,233)	(15,946)
Total fund balances/net position	$ 55,421	$ 183,311	$ 238,732

(b) Fund Deficits

The CMS vs AFSCME Wages Trust subaccount of the General Fund had a fund deficit of $140 (expressed in thousands), at June 30, 2015. The Prevention of Treatment of Alcoholism and Substance Abuse Block Grant, DHS Technology Initiative, Employment and Training, Early Intervention Services Revolving, Alcoholism and Substance Abuse, USDA Women Infants and Children and Juvenile Justice Trust non-major governmental funds had fund deficits (amounts expressed in thousands) of $102, $734, $2,025, $11,122, $31, $36, and $183, respectively, at June 30, 2015.

NOTE (12) - 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. The Department's risk management activities are financed through appropriations to the Illinois Department of Central Management Services (CMS) and are accounted for in the General Fund of the State. Potential claims are not considered to be a liability of the Department and accordingly, have not been reported in the Department's financial statements.

NOTE (13) - Commitments and Contingencies

(a) Operating Leases

The Department leases office facilities, office equipment, and computer equipment under the terms of non-cancelable 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 $257 thousand for the year ended June 30, 2015.

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

Year Ending June 30,	Amount
2016	$ 13
2017	3
2018	-
Total	$ 16

(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. The Department in not aware of any material unrecorded liabilities pertaining to questioned costs. Identified questioned costs are frequently 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.

(c) Litigation

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.

NOTE (14) – Restatement for Implementation of New Accounting Standard

The Department's financial statements have been restated as of June 30, 2014. The restatement is a result of the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.* Governmental Activities will report a restatement of net position for the beginning of the year net pension liability as follows (amounts presented in thousands):

	Governmental Activities
Net position, June 30, 2014	
as previously reported	$ 490,933
Implementation of GASB Statement No. 68 and 71:	
Beginning net pension liability - State Employees' Retirement System	(4,828,879)
Beginning net pension liability - Teachers' Retirement System	(2,677)
Beginning deferred outflows - State Employees' Retirement System	329,477
Beginning deferred outflows - Teachers' Retirement System	205
Net Position, June 30 2014, as restated	$ (4,010,941)

The effect of the restatement of beginning net position includes the beginning deferred outflows of resources for pension contributions made subsequent to the measurement date of the beginning net pension liability. Restatement for the beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions was not done because it was not practical to determine all such amounts. Additionally, the impact on the change in net position for FY 2014 was not determined.

NOTE (15) – Subsequent Event

The State of Illinois has not adopted a fiscal year 2016 operating budget as of the date of this report. The Department is part of the executive branch of government and operates under a budget in which resources are appropriated for the use of the Department. Consequently, the Department is presently unable to make payments from appropriated accounts. Payments to Department employees for work performed are being made pursuant to a July 2015 court order.

Combining Schedule of Accounts - General Fund

June 30, 2015 (Expressed in Thousands)

	General Revenue 0001	Illinois Veterans' Rehabilitation 0036	Special Olympics Illinois and Special Children's Charities 0073	Home Services Medicaid Trust 0120	Community Developmental Disabilities Services Medicaid Trust 0142	CMS vs AFSCME Wages Trust 0168	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365	Community Mental Health Medicaid Trust 0718	Eliminations	Total
ASSETS											
Unexpended appropriations	$ 361,660	$ -	$ -	$ -	$ -	$ -	$ 6,855	$ -	$ -	$ -	$ 368,515
Cash deposited with State Treasurer	2,242	41	879	15,960	27,928	-	-	8,175	19,752	-	74,977
Cash and cash equivalents	209	-	-	-	-	-	-	-	-	-	209
Securities lending collateral equity with State Treasurer	-	-	325	8,065	11,766	-	-	3,265	6,524	-	29,945
Due from other government - federal	27,197	-	-	17,332	26,456	-	-	8,231	8,409	-	87,625
Recipient services and other receivables, net	1,224	-	-	8	11	-	-	3	6	-	1,252
Due from other Department funds	8,889	-	-	-	-	-	-	-	6	(29)	8,866
Due from other State funds	3,211	-	39	-	-	-	-	-	-	-	3,250
Inventories	3,773	-	-	-	-	-	-	-	-	-	3,773
Total assets	$ 408,405	$ 41	$ 1,243	$ 41,365	$ 66,161	$ -	$ 6,855	$ 19,674	$ 34,697	$ (29)	$ 578,412
LIABILITIES											
Accounts payable and accrued liabilities	$ 285,772	$ 11	$ -	$ 27,214	$ 2,969	$ -	$ 6,855	$ 3,266	$ 3,169	$ -	$ 329,256
Due to other government - federal	3,799	1	-	-	-	-	-	-	1	-	3,801
Due to other government - local	5,993	-	-	19	-	-	-	8	-	-	6,020
Due to other Department fiduciary funds	24	6	-	-	-	-	-	-	-	-	30
Due to other State fiduciary funds	-	-	-	-	-	-	-	-	8	-	8
Due to other Department funds	426	-	-	-	-	140	-	-	-	(29)	537
Due to other State funds	99,410	-	-	13	-	-	-	41	31	-	99,495
Due to State of Illinois component units	1,198	-	-	22	-	-	-	-	-	-	1,220
Obligations under securities lending of State Treasurer	-	-	325	8,065	11,766	-	-	3,265	6,524	-	29,945
Total liabilities	396,622	18	325	35,333	14,735	140	6,855	6,580	9,733	(29)	470,312
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue	9,583	-	-	-	26,456	-	-	8,231	8,409	-	52,679
Total Deferred Inflows of Resources	9,583	-	-	-	26,456	-	-	8,231	8,409	-	52,679
FUND BALANCES (DEFICITS)											
Nonspendable	3,773	-	-	-	-	-	-	-	-	-	3,773
Restricted	-	-	-	6,032	24,970	-	-	-	-	-	31,002
Committed	-	23	-	-	-	-	-	4,863	16,555	-	21,441
Assigned	-	-	918	-	-	-	-	-	-	-	918
Unassigned	(1,573)	-	-	-	-	(140)	-	-	-	-	(1,713)
Total fund balances (deficits)	2,200	23	918	6,032	24,970	(140)	-	4,863	16,555	-	55,421
Total liabilities, deferred inflows and fund balances (deficits)	$ 408,405	$ 41	$ 1,243	$ 41,365	$ 66,161	$ -	$ 6,855	$ 19,674	$ 34,697	$ (29)	$ 578,412

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	General Revenue 0001	Illinois Veterans' Rehabilitation 0036	Special Olympics Illinois and Special Children's Charities 0073	Home Services Medicaid Trust 0120	Community Developmental Disabilities Services Medicaid Trust 0142	CMS vs AFSCME Wages Trust 0168	Care Provider Fund for Persons with a Developmental Disability 0344	Health and Human Services Medicaid Trust 0365	Community Mental Health Medicaid Trust 0718	Eliminations	Total
REVENUES											
Federal operating grants	$ 159,320	$ -	$ -	$ 263,075	$ 34,977	$ -	$ -	$ 8,314	$ 76,033	$ -	$ 541,719
Licenses and fees	99	-	-	-	-	-	-	-	-	-	99
Interest and investment income	-	-	-	132	146	-	-	50	58	-	386
Other charges for services	75	-	-	-	-	-	-	-	-	-	75
Other operating grants	5	-	-	-	-	-	-	-	-	-	5
Other revenues, net of refunds	(151)	-	-	-	-	-	-	-	-	-	(151)
Total revenues	159,348	-	-	263,207	35,123	-	-	8,364	76,091	-	542,133
EXPENDITURES											
Health and social services	3,551,818	5,109	-	243,925	49,244	-	35,857	31,251	79,259	-	3,996,463
Debt service - principal	321	-	-	-	-	-	-	-	-	-	321
Debt service - interest	119	-	-	-	-	-	-	-	-	-	119
Capital outlays	7,413	-	-	-	-	-	-	-	-	-	7,413
Total expenditures	3,559,671	5,109	-	243,925	49,244	-	35,857	31,251	79,259	-	4,004,316
Excess (deficiency) of revenues over (under) expenditures	(3,400,323)	(5,109)	-	19,282	(14,121)	-	(35,857)	(22,887)	(3,168)	-	(3,462,183)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES											
Appropriations from State resources	3,767,935	-	-	-	-	-	52,000	-	-	-	3,819,935
Lapsed appropriations	(87,093)	-	-	-	-	-	(16,143)	-	-	-	(103,236)
Receipts collected and transmitted to State Treasury	(113,062)	-	-	-	-	-	-	-	-	-	(113,062)
Amount of SAMS transfers-in	(36,521)	-	-	-	-	-	-	-	-	-	(36,521)
Amount of SAMS transfers-out	4,763	-	-	-	-	-	-	-	-	-	4,763
Transfers-in	12	4,763	918	-	-	-	-	20,000	-	(4,763)	20,930
Transfers-out	(98,632)	-	-	-	-	-	-	-	-	4,763	(93,869)
Capital lease and installment purchase financing	444	-	-	-	-	-	-	-	-	-	444
Net other sources (uses) of financial resources	3,437,846	4,763	918	-	-	-	35,857	20,000	-	-	3,499,384
Net change in fund balances	37,523	(346)	918	19,282	(14,121)	-	-	(2,887)	(3,168)	-	37,201
Fund balances (deficits), July 1, 2014	(32,059)	369	-	(13,250)	39,091	(140)	-	7,750	19,723	-	21,484
Decrease for change in inventories	(3,264)	-	-	-	-	-	-	-	-	-	(3,264)
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ 2,200	$ 23	$ 918	$ 6,032	$ 24,970	$ (140)	$ -	$ 4,863	$ 16,555	$ -	$ 55,421

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	**Group Home Loan Revolving 0025**	**Mental Health 0050**	**Vocational Rehabilitation 0081**	**Assistance to the Homeless 0100**	**Youth Alcoholism and Substance Abuse Prevention 0128**	**Mental Health Reporting 0148**
ASSETS							
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash deposited with State Treasurer	388	40	5,573	17,209	378	707	1,946
Cash and cash equivalents	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	18	-	-	-	-	845
Investments	-	-	-	-	-	-	-
Due from other government - federal	5,968	-	3,927	12,765	-	-	-
Due from other government - local	-	-	-	-	-	-	-
Taxes receivable, net	-	-	205	-	-	-	-
Other receivables, net	-	-	1,050	3,369	-	-	1
Loans and notes receivable, net	-	36	-	-	-	-	-
Due from other Department funds	404	-	11	75	-	-	-
Due from other State funds	-	-	1,101	-	3	1,140	-
Due from State of Illinois component units	88	-	-	-	-	-	-
Inventories	-	-	3,390	-	-	-	-
Total assets	$ 6,848	$ 94	$ 15,257	$ 33,418	$ 381	$ 1,847	$ 2,792
LIABILITIES							
Accounts payable and accrued liabilities	$ 6,125	$ -	$ 575	$ 9,087	$ -	$ 192	$ 6
Due to other government - federal	-	-	363	121	-	-	-
Due to other government - local	324	-	-	799	-	13	-
Due to other State fiduciary funds	1	-	99	683	-	-	2
Due to other Department funds	-	-	26	-	-	-	-
Due to other State funds	241	-	99	1,044	-	145	3
Due to State of Illinois component units	259	-	51	772	-	25	-
Unearned revenue	-	-	-	342	-	-	-
Obligations under securities lending of State Treasurer	-	18	-	-	-	-	845
Total liabilities	6,950	18	1,213	12,848	-	375	856
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	-	-	757	52	-	-	-
Total Deferred Inflows of Resources	-	-	757	52	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	3,390	-	-	-	-
Restricted	-	76	-	20,518	-	-	-
Committed	-	-	9,897	-	381	1,472	1,936
Unassigned	(102)	-	-	-	-	-	-
Total fund balances (deficits)	(102)	76	13,287	20,518	381	1,472	1,936
Total liabilities, deferred inflows and fund balances (deficits)	$ 6,848	$ 94	$ 15,257	$ 33,418	$ 381	$ 1,847	$ 2,792

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Sexual Assault Services and Prevention 0158	**Children's Wellness Charities 0178**	**Housing for Families 0181**	**DHS Technology Initiative 0211**	**Autism Research Check-off 0228**	**Drunk and Drugged Driving Prevention 0276**	**Federal National Community Services 0343**	**Employment and Training 0347**
ASSETS								
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash deposited with State Treasurer	543	36	45	3,401	16	280	476	2,325
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	233	-	-	1,913	7	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	-	2,887	-	-	-	47,217
Due from other government - local	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	2	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	1,175	-	5	-	-
Due from other State funds	-	-	-	417	-	-	-	-
Due from State of Illinois component units	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	$ 776	$ 36	$ 45	$ 9,795	$ 23	$ 285	$ 476	$ 49,542
LIABILITIES								
Accounts payable and accrued liabilities	$ 150	$ -	$ -	$ 743	$ -	$ 200	$ 80	$ 43,777
Due to other government - federal	-	-	-	-	-	1	-	-
Due to other government - local	-	-	-	-	-	5	-	4,724
Due to other State fiduciary funds	-	-	-	-	-	6	-	-
Due to other Department funds	-	-	-	-	-	65	-	-
Due to other State funds	-	-	-	4,986	-	2	47	930
Due to State of Illinois component units	-	-	-	-	12	6	16	111
Unearned revenue	-	-	-	-	-	-	333	-
Obligations under securities lending of State Treasurer	233	-	-	1,913	7	-	-	-
Total liabilities	383	-	-	7,642	19	285	476	49,542
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	2,887	-	-	-	2,025
Total Deferred Inflows of Resources	-	-	-	2,887	-	-	-	2,025
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	393	36	45	-	4	-	-	-
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(734)	-	-	-	(2,025)
Total fund balances (deficits)	393	36	45	(734)	4	-	-	(2,025)
Total liabilities, deferred inflows and fund balances (deficits)	$ 776	$ 36	$ 45	$ 9,795	$ 23	$ 285	$ 476	$ 49,542

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Drug Treatment 0368	**Sexual Assault Services 0389**	**Gaining Early Awareness and Readiness for Undergraduate Programs 0394**	**DHS Special Purposes Trust 0408**	**Autism Awareness 0458**	**Old Age Survivors Insurance 0495**	**Early Intervention Services Revolving 0502**	**DHS Community Services 0509**
ASSETS								
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash deposited with State Treasurer	1,774	193	4,772	63,612	61	296	15,839	8,591
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	2,141	-	-	-	2,940	2,015
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	-	14,826	-	3,318	5,787	-
Due from other government - local	281	6	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	8	3	-	-	177	2
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Due from other Department funds	7	-	-	-	-	-	23	-
Due from other State funds		-	-	1,770	-	-	71	1,500
Due from State of Illinois component units	-	-	7	-	-	-	-	-
Inventories	-	-	-	-	-	157	-	-
Total assets	$ 2,062	$ 199	$ 6,928	$ 80,211	$ 61	$ 3,771	$ 24,837	$ 12,108
LIABILITIES								
Accounts payable and accrued liabilities	$ 1,010	$ -	$ 3	$ 16,573	$ -	$ 2,273	$ 21,866	$ 116
Due to other government - federal	6	-	-	14	-	105	3	-
Due to other government - local	-	-	-	693	-	1	985	-
Due to other State fiduciary funds	36	-	2	79	-	538	15	-
Due to other Department funds	-	-	-	-	-	-	-	-
Due to other State funds	17	-	6	1,824	-	697	56	336
Due to State of Illinois component units	-	-	9	2,071	-	-	288	-
Unearned revenue	-	-	4,767	69	-	-	4,019	-
Obligations under securities lending of State Treasurer	-	-	2,141	-	-	-	2,940	2,015
Total liabilities	1,069	-	6,928	21,323	-	3,614	30,172	2,467
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	-	-	-	-	5,787	-
Total Deferred Inflows of Resources	-	-	-	-	-	-	5,787	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	157	-	-
Restricted	-	-	-	58,888	61	-	-	-
Committed	993	199	-	-	-	-	-	9,641
Unassigned	-	-	-	-	-	-	(11,122)	-
Total fund balances (deficits)	993	199	-	58,888	61	157	(11,122)	9,641
Total liabilities, deferred inflows and fund balances (deficits)	$ 2,062	$ 199	$ 6,928	$ 80,211	$ 61	$ 3,771	$ 24,837	$ 12,108

(Continued)

Combining Balance Sheet -
Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Domestic Violence Abuser Services 0528	**Juvenile Accountability Incentive Block Grant 0581**	**DHS Federal Projects 0592**	**Special Olympics Illinois 0623**	**DHS State Projects 0642**	**Commitment to Human Services 0644**	**Alcoholism and Substance Abuse 0646**	**DHS Private Resources 0690**
ASSETS								
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash deposited with State Treasurer	14	1,639	2,690	14	1,910	44,594	677	2,863
Cash and cash equivalents	-	-	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	759	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from other government - federal	-	-	1,506	-	-	-	822	-
Due from other government - local	5	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	51,915	-	-
Other receivables, net	-	1	439	-	4	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	26	-	-	-	-	-
Due from other State funds	-	-	-	-	-	60,000	-	-
Due from State of Illinois component units	-	-	115	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	$ 19	$ 2,399	$ 4,776	$ 14	$ 1,914	$ 156,509	$ 1,499	$ 2,863
LIABILITIES								
Accounts payable and accrued liabilities	$ 2	$ -	$ 2,291	$ 12	$ 73	$ 69,639	$ 952	$ -
Due to other government - federal	-	-	1	-	-	-	1	-
Due to other government - local	-	289	1,148	-	-	437	21	-
Due to other State fiduciary funds	-	-	4	-	-	-	3	-
Due to other Department funds	-	-	-	-	1,150	-	-	-
Due to other State funds	-	72	3	-	691	-	1	3
Due to State of Illinois component units	-	2	144	-	-	-	66	-
Unearned revenue	-	1,277	1,122	-	-	-	455	2,860
Obligations under securities lending of State Treasurer	-	759	-	-	-	-	-	-
Total liabilities	2	2,399	4,713	12	1,914	70,076	1,499	2,863
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	1	-	-	8,662	31	-
Total Deferred Inflows of Resources	-	-	1	-	-	8,662	31	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	62	2	-	-	-	-
Committed	17	-	-	-	-	77,771	-	-
Unassigned	-	-	-	-	-	-	(31)	-
Total fund balances (deficits)	17	-	62	2	-	77,771	(31)	-
Total liabilities, deferred inflows and fund balances (deficits)	$ 19	$ 2,399	$ 4,776	$ 14	$ 1,914	$ 156,509	$ 1,499	$ 2,863

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	U.S.D.A. Women Infants and Children 0700	**Tobacco Settlement Recovery 0733**	**Local Initiative 0762**	**Rehabilitation Services Elementary and Secondary Education Act 0798**	**Farmer's Market Technology Improvement 0864**	**Domestic Violence Shelter and Service 0865**	**Maternal and Child Health Services Block Grant 0872**
ASSETS							
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ 799
Cash deposited with State Treasurer	5,085	-	5,580	712	15	956	-
Cash and cash equivalents	4,946	-	-	-	-	-	-
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from other government - federal	124	-	-	-	-	-	1,032
Due from other government - local	-	-	-	-	-	50	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net	11,888	-	-	-	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-
Due from other Department funds	-	-	-	-	-	-	-
Due from other State funds	-	-	-	110	-	2	-
Due from State of Illinois component units	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Total assets	$ 22,043	$ -	$ 5,580	$ 822	$ 15	$ 1,008	$ 1,831
LIABILITIES							
Accounts payable and accrued liabilities	$ 16,040	$ -	$ 2,427	$ 73	$ 11	$ 27	$ 640
Due to other government - federal	10	-	2	-	-	-	6
Due to other government - local	3,066	-	267	-	-	31	106
Due to other State fiduciary funds	56	-	10	-	-	-	32
Due to other Department funds	-	-	-	-	-	-	-
Due to other State funds	114	-	108	26	-	22	15
Due to State of Illinois component units	40	-	111	-	-	-	-
Unearned revenue	2,717	-	2,655	-	4	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-
Total liabilities	22,043	-	5,580	99	15	80	799
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	36	-	-	-	-	-	-
Total Deferred Inflows of Resources	36	-	-	-	-	-	-
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	723	-	-	1,032
Committed	-	-	-	-	-	928	-
Unassigned	(36)	-	-	-	-	-	-
Total fund balances (deficits)	(36)	-	-	723	-	928	1,032
Total liabilities, deferred inflows and fund balances (deficits)	$ 22,043	$ -	$ 5,580	$ 822	$ 15	$ 1,008	$ 1,831

(Continued)

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Community Mental Health Services Block Grant 0876	Youth Drug Abuse Prevention 0910	Juvenile Justice Trust 0911	DHS Recoveries Trust 0921	DHS Other Special Trusts 1139	DHS Commissary 1140	DHS Rehabilitation 1144	DHS/DORS Special Revenue 1149
ASSETS								
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash deposited with State Treasurer	499	1,108	419	13,142	-	-	-	-
Cash and cash equivalents	-	-	-	-	491	10	47	191
Securities lending collateral equity with State Treasurer	-	-	-	-	-	-	-	-
Investments	-	-	-	-	841	-	-	17
Due from other government - federal	-	-	183	-	35	-	-	-
Due from other government - local	-	-	-	-	-	-	-	73
Taxes receivable, net	-	-	-	-	-	-	-	-
Other receivables, net	-	-	-	144,857	1	-	-	-
Loans and notes receivable, net	-	-	-	-	-	-	-	-
Due from other Department funds	-	-	12	-	-	-	-	158
Due from other State funds	-	-	3	-	-	-	-	-
Due from State of Illinois component units	-	-	15	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Total assets	$ 499	$ 1,108	$ 632	$ 157,999	$ 1,368	$ 10	$ 47	$ 439
LIABILITIES								
Accounts payable and accrued liabilities	$ 12	$ 106	$ 214	$ 433	$ -	$ -	$ 2	$ -
Due to other government - federal	1	-	-	886	-	-	1	-
Due to other government - local	-	-	186	-	-	-	-	-
Due to other State fiduciary funds	5	-	1	88	-	-	-	-
Due to other Department funds	-	-	-	8,819	-	3	-	4
Due to other State funds	3	-	19	73	-	-	-	-
Due to State of Illinois component units	-	-	31	-	-	-	-	-
Unearned revenue	478	-	181	-	-	3	-	-
Obligations under securities lending of State Treasurer	-	-	-	-	-	-	-	-
Total liabilities	499	106	632	10,299	-	6	3	4
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	-	183	143,388	-	-	-	-
Total Deferred Inflows of Resources	-	-	183	143,388	-	-	-	-
FUND BALANCES (DEFICITS)								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	4,312	1,368	4	44	435
Committed	-	1,002	-	-	-	-	-	-
Unassigned	-	-	(183)	-	-	-	-	-
Total fund balances (deficits)	-	1,002	(183)	4,312	1,368	4	44	435
Total liabilities, deferred inflows and fund balances (deficits)	$ 499	$ 1,108	$ 632	$ 157,999	$ 1,368	$ 10	$ 47	$ 439

(Continued)

State of Illinois

Department of Human Services

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2015 (Expressed in Thousands)

	Special Revenue		Permanent			
	Food Stamp and Commodity 1245	**Vending Facility Program for the Blind 1385**	**DHS/DORS Permanent Trust 1150**	**Burr Bequest 1272**	**Eliminations**	**Total**
ASSETS						
Unexpended appropriations	$ -	$ -	$ -	$ -	$ -	$ 799
Cash deposited with State Treasurer	-	-	-	-	-	210,418
Cash and cash equivalents	-	176	138	58	-	6,057
Securities lending collateral equity with State Treasurer	-	-	-	-	-	10,871
Investments	-	-	271	945	-	2,074
Due from other government - federal	-	-	-	-	-	100,397
Due from other government - local	-	-	-	-	-	415
Taxes receivable, net	-	-	-	-	-	52,120
Other receivables, net	-	36	-	-	-	161,838
Loans and notes receivable, net	-	303	-	-	-	339
Due from other Department funds	-	-	-	-	(1,359)	537
Due from other State funds	-	-	-	-	-	66,117
Due from State of Illinois component units	-	-	-	-	-	225
Inventories	-	-	-	-	-	3,547
Total assets	$ -	$ 515	$ 409	$ 1,003	$ (1,359)	$ 615,754
LIABILITIES						
Accounts payable and accrued liabilities	$ -	$ 12	$ -	$ -	$ -	$ 195,742
Due to other government - federal	-	-	-	-	-	1,521
Due to other government - local	-	-	-	-	-	13,095
Due to other State fiduciary funds	-	-	-	-	-	1,660
Due to other Department funds	-	-	158	-	(1,359)	8,866
Due to other State funds	-	-	-	-	-	11,583
Due to State of Illinois component units	-	-	-	-	-	4,014
Unearned revenue	-	-	-	-	-	21,282
Obligations under securities lending of State Treasurer	-	-	-	-	-	10,871
Total liabilities	-	12	158	-	(1,359)	268,634
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	163,809
Total Deferred Inflows of Resources	-	-	-	-	-	163,809
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	217	945	-	4,709
Restricted	-	503	34	58	-	88,598
Committed	-	-	-	-	-	104,237
Unassigned	-	-	-	-	-	(14,233)
Total fund balances (deficits)	-	503	251	1,003	-	183,311
Total liabilities, deferred inflows and fund balances (deficits)	$ -	$ 515	$ 409	$ 1,003	$ (1,359)	$ 615,754

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant 0013	**Group Home Loan Revolving 0025**	**Mental Health 0050**	**Vocational Rehabilitation 0081**	**Assistance to the Homeless 0100**	**Youth Alcoholism and Substance Abuse Prevention 0128**	**Mental Health Reporting 0148**
REVENUES							
Federal operating grants, net of refunds	$ 63,553	$ -	$ -	$ 127,641	$ -	$ -	$ -
Licenses and fees, net of refunds	-	-	-	-	-	1,140	1,147
Interest and investment income	-	-	-	-	-	-	7
Other charges for services, net of refunds	-	-	26,171	106	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other taxes	-	-	832	-	-	-	-
Other revenues	-	-	-	10,596	100	-	-
Total revenues	63,553	-	27,003	138,343	100	1,140	1,154
EXPENDITURES							
Health and social services	63,568	30	32,384	124,985	(1)	881	297
Debt service - principal	-	-	-	7	-	-	-
Debt service - interest	-	-	-	1	-	-	-
Capital outlays	-	-	163	748	-	-	-
Total expenditures	63,568	30	32,547	125,741	(1)	881	297
Excess (deficiency) of revenues over (under) expenditures	(15)	(30)	(5,544)	12,602	101	259	857
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-
Transfers-in	-	7	-	111	-	-	-
Transfers-out	(7)	-	(3,000)	-	-	-	-
Capital lease and installment purchase financing	-	-	-	4	-	-	-
Net other sources (uses) of financial resources	(7)	7	(3,000)	115	-	-	-
Net change in fund balances	(22)	(23)	(8,544)	12,717	101	259	857
Fund balances (deficits), July 1, 2014	(80)	99	18,441	7,801	280	1,213	1,079
Increase for changes in inventories	-	-	3,390	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ (102)	$ 76	$ 13,287	$ 20,518	$ 381	$ 1,472	$ 1,936

(Continued)

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Sexual Assault Services and Prevention 0158	**Children's Wellness Charities 0178**	**Housing for Families 0181**	**DHS Technology Initiative 0211**	**Autism Research Check-off 0228**	**Drunk and Drugged Driving Prevention 0276**	**Federal National Community Services 0343**	**Employment and Training 0347**
REVENUES								
Federal operating grants, net of refunds	$ -	$ -	$ -	$ 1,244	$ -	$ -	$ 325	$ 526,094
Licenses and fees, net of refunds	-	-	-	-	-	1,831	-	-
Interest and investment income	2	-	-	14	-	-	-	-
Other charges for services, net of refunds	490	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	492	-	-	1,258	-	1,831	325	526,094
EXPENDITURES								
Health and social services	500	-	-	3,171	(4)	1,827	127	521,657
Debt service - principal	-	-	-	1	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	500	-	-	3,172	(4)	1,827	127	521,657
Excess (deficiency) of revenues over (under) expenditures	(8)	-	-	(1,914)	4	4	198	4,437
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	1,175	-	-	-	-
Transfers-out	-	-	-	-	-	(4)	-	-
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	1,175	-	(4)	-	-
Net change in fund balances	(8)	-	-	(739)	4	-	198	4,437
Fund balances (deficits), July 1, 2014	401	36	45	5	-	-	(198)	(6,462)
Increase for changes in inventories	-	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ 393	$ 36	$ 45	$ (734)	$ 4	$ -	$ -	$ (2,025)

(Continued)

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Drug Treatment 0368	**Sexual Assault Services 0389**	**Gaining Early Awareness and Readiness for Undergraduate Programs 0394**	**DHS Special Purposes Trust 0408**	**Autism Awareness 0458**	**Old Age Survivors Insurance 0495**	**Early Intervention Services Revolving 0502**	**DHS Community Services 0509**
REVENUES								
Federal operating grants, net of refunds	$ -	$ -	$ 1,604	$ 260,499	$ -	$ 79,397	$ 61,505	$ -
Licenses and fees, net of refunds	-	-	-	-	17	-	4,323	-
Interest and investment income	-	-	24	-	-	-	24	24
Other charges for services, net of refunds	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	606	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Other revenues	3,508	155	-	-	-	-	(162)	-
Total revenues	3,508	155	1,628	261,105	17	79,397	65,690	24
EXPENDITURES								
Health and social services	3,556	-	1,628	256,105	-	79,392	150,195	1,008
Debt service - principal	-	-	-	2	-	1	-	-
Debt service - interest	-	-	-	-	-	4	-	-
Capital outlays	-	-	-	-	-	19	-	-
Total expenditures	3,556	-	1,628	256,107	-	79,416	150,195	1,008
Excess (deficiency) of revenues over (under) expenditures	(48)	155	-	4,998	17	(19)	(84,505)	(984)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	85,719	4,350
Transfers-out	(1,000)	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	-	-	19	-	-
Net other sources (uses) of financial resources	(1,000)	-	-	-	-	19	85,719	4,350
Net change in fund balances	(1,048)	155	-	4,998	17	-	1,214	3,366
Fund balances (deficits), July 1, 2014	2,041	44	-	53,890	44	-	(12,336)	6,275
Increase for changes in inventories	-	-	-	-	-	157	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ 993	$ 199	$ -	$ 58,888	$ 61	$ 157	$ (11,122)	$ 9,641

(Continued)

State of Illinois
Department of Human Services

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Domestic Violence Abuser Services 0528	**Juvenile Accountability Incentive Block Grant 0581**	**DHS Federal Projects 0592**	**Special Olympics Illinois 0623**	**DHS State Projects 0642**	**Commitment to Human Services 0644**	**Alcoholism and Substance Abuse 0646**	**DHS Private Resources 0690**
REVENUES								
Federal operating grants, net of refunds	$ -	$ 1,638	$ 15,822	$ -	$ -	$ -	$ 6,769	$ -
Licenses and fees, net of refunds	-	-	-	17	-	-	-	-
Interest and investment income	-	11	-	-	-	-	-	-
Other charges for services, net of refunds	-	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	144	-
Other taxes	-	-	-	-	-	285,935	-	-
Other revenues	26	-	1,012	-	-	-	-	139
Total revenues	26	1,649	16,834	17	-	285,935	6,913	139
EXPENDITURES								
Health and social services	100	1,649	16,758	20	-	183,164	6,851	139
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	100	1,649	16,758	20	-	183,164	6,851	139
Excess (deficiency) of revenues over (under) expenditures	(74)	-	76	(3)	-	102,771	62	-
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	(25,000)	-	-
Capital lease and installment purchase financing	-	-	-	-	-		-	-
Net other sources (uses) of financial resources	-	-	-	-	-	(25,000)	-	-
Net change in fund balances	(74)	-	76	(3)	-	77,771	62	-
Fund balances (deficits), July 1, 2014	91	-	(14)	5	-	-	(93)	-
Increase for changes in inventories	-	-	-	-	-		-	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ 17	$ -	$ 62	$ 2	$ -	$ 77,771	$ (31)	$ -

(Continued)

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue						
	U.S.D.A. Women Infants and Children 0700	**Tobacco Settlement Recovery 0733**	**Local Initiative 0762**	**Rehabilitation Services Elementary and Secondary Education Act 0798**	**Farmer's Market Technology Improvement 0864**	**Domestic Violence Shelter and Service 0865**	**Maternal and Child Health Services Block Grant 0872**
REVENUES							
Federal operating grants, net of refunds	$ 199,775	$ -	$ 13,986	$ 399	$ 13	$ -	$ 6,161
Licenses and fees, net of refunds	-	-	-	-	-	-	-
Interest and investment income	1	-	-	-	-	-	-
Other charges for services, net of refunds	-	-	-	-	-	-	-
Other operating grants	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-
Other revenues	(5)	-	-	223	-	587	-
Total revenues	199,771	-	13,986	622	13	587	6,161
EXPENDITURES							
Health and social services	212,362	901	19,562	506	13	727	5,987
Debt service - principal	-	-	1	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-
Total expenditures	212,362	901	19,563	506	13	727	5,987
Excess (deficiency) of revenues over (under) expenditures	(12,591)	(901)	(5,577)	116	-	(140)	174
OTHER SOURCES (USES) OF FINANCIAL RESOURCES							
Appropriations from State resources	-	1,389	-	-	-	-	9,853
Lapsed appropriations	-	(488)	-	-	-	-	(3,749)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	(5,829)
Transfers-in	-	-	-	-	-	-	-
Transfers-out	-	-	-	-	-	-	-
Capital lease and installment purchase financing	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	901	-	-	-	-	275
Net change in fund balances	(12,591)	-	(5,577)	116	-	(140)	449
Fund balances (deficits), July 1, 2014	12,555	-	5,577	607	-	1,068	583
Increase for changes in inventories	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ (36)	$ -	$ -	$ 723	$ -	$ 928	$ 1,032

(Continued)

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue							
	Community Mental Health Services Block Grant 0876	**Youth Drug Abuse Prevention 0910**	**Juvenile Justice Trust 0911**	**DHS Recoveries Trust 0921**	**DHS Other Special Trusts 1139**	**DHS Commissary 1140**	**DHS Rehabilitation 1144**	**DHS/DORS Special Revenue 1149**
REVENUES								
Federal operating grants, net of refunds	$ 14,996	$ -	$ 2,082	$ 80	$ 264	$ -	$ -	$ -
Licenses and fees, net of refunds	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	14	-	-	-
Other charges for services, net of refunds	-	-	-	12,246	-	45	-	-
Other operating grants	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-
Other revenues	-	387	-	-	295	-	211	307
Total revenues	14,996	387	2,082	12,326	573	45	211	307
EXPENDITURES								
Health and social services	14,996	106	2,228	10,016	714	39	199	313
Debt service - principal	-	-	-	-	-	-	-	-
Debt service - interest	-	-	-	-	-	-	-	-
Capital outlays	-	-	-	-	-	-	-	-
Total expenditures	14,996	106	2,228	10,016	714	39	199	313
Excess (deficiency) of revenues over (under) expenditures	-	281	(146)	2,310	(141)	6	12	(6)
OTHER SOURCES (USES) OF FINANCIAL RESOURCES								
Appropriations from State resources	-	-	-	-	-	-	-	-
Lapsed appropriations	-	-	-	-	-	-	-	-
Receipts collected and transmitted to State Treasury	-	-	-	-	-	-	-	-
Transfers-in	-	-	-	-	-	-	-	5
Transfers-out	-	-	-	(1,175)	-	(8)	-	-
Capital lease and installment purchase financing	-	-	-	-	-	-	-	-
Net other sources (uses) of financial resources	-	-	-	(1,175)	-	(8)	-	5
Net change in fund balances	-	281	(146)	1,135	(141)	(2)	12	(1)
Fund balances (deficits), July 1, 2014	-	721	(37)	3,177	1,509	6	32	436
Increase for changes in inventories	-	-	-		-	-	-	-
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ -	$ 1,002	$ (183)	$ 4,312	$ 1,368	$ 4	$ 44	$ 435

(Continued)

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

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue		Permanent			
	Food Stamp and Commodity 1245	**Vending Facility Program for the Blind 1385**	**DHS/DORS Permanent Trust 1150**	**Burr Bequest 1272**	**Eliminations**	**Total**
REVENUES						
Federal operating grants, net of refunds	$ 3,314,726	$ -	$ -	$ -	$ -	$ 4,698,573
Licenses and fees, net of refunds	-	-	-	-	-	8,475
Interest and investment income	-	-	25	-	-	146
Other charges for services, net of refunds	-	321	-	-	-	39,379
Other operating grants	-	-	-	-	-	750
Other taxes	-	-	-	-	-	286,767
Other revenues	-	480	-	-	-	17,859
Total revenues	3,314,726	801	25	-	-	5,051,949
EXPENDITURES						
Health and social services	3,314,726	719	20	11	-	5,034,132
Debt service - principal	-	-	-	-	-	12
Debt service - interest	-	-	-	-	-	5
Capital outlays	-	-	-	-	-	930
Total expenditures	3,314,726	719	20	11	-	5,035,079
Excess (deficiency) of revenues over (under) expenditures	-	82	5	(11)	-	16,870
OTHER SOURCES (USES) OF FINANCIAL RESOURCES						
Appropriations from State resources	-	-	-	-	-	11,242
Lapsed appropriations	-	-	-	-	-	(4,237)
Receipts collected and transmitted to State Treasury	-	-	-	-	-	(5,829)
Transfers-in	-	-	-	-	(1,298)	90,069
Transfers-out	-	(111)	(5)	-	1,298	(29,012)
Capital lease and installment purchase financing	-	-	-	-	-	23
Net other sources (uses) of financial resources	-	(111)	(5)	-	-	62,256
Net change in fund balances	-	(29)	-	(11)	-	79,126
Fund balances (deficits), July 1, 2014	-	532	251	1,014	-	100,638
Increase for changes in inventories	-	-	-	-	-	3,547
FUND BALANCES (DEFICITS), JUNE 30, 2015	$ -	$ 503	$ 251	$ 1,003	$ -	$ 183,311

State of Illinois
Department of Human Services

Combining Statement of Fiduciary Net Position - Agency Funds

June 30, 2015 (Expressed in Thousands)

	Agency			
	Electronic Benefits Transfers 0540	DHS Resident's Trust 1143	DHS/DORS Agency 1147	Total
ASSETS				
Cash and cash equivalents	$ -	$ 1,353	$ -	$ 1,353
Investments	-	795	-	795
Due from other government - federal	-	52	-	52
Due from other Department funds	-	-	24	24
Total assets	$ -	$ 2,200	$ 24	$ 2,224
LIABILITIES				
Accounts payable and accrued liabilities	$ -	$ -	$ 24	$ 24
Other liabilities	-	2,200	-	2,200
Total liabilities	$ -	$ 2,200	$ 24	$ 2,224

State of Illinois

Department of Human Services

Combining Statement of Changes in Assets and Liabilities - Agency Funds

For the Year Ended June 30, 2015 (Expressed in Thousands)

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Electronic Benefits Transfers (0540)				
ASSETS				
Cash equity with State Treasurer	$ -	$ 204,400	$ 204,400	$ -
Total assets	$ -	$ 204,400	$ 204,400	$ -
LIABILITIES				
Accounts payable and accrued liabilities	$ -	$ 204,400	$ 204,400	$ -
Total liabilities	$ -	$ 204,400	$ 204,400	$ -
DHS Resident's Trust (1143)				
ASSETS				
Cash and cash equivalents	$ 1,529	$ 15,386	$ 15,562	$ 1,353
Investments	815	-	20	795
Due from other government - federal	54	13,830	13,832	52
Total assets	$ 2,398	$ 29,216	$ 29,414	$ 2,200
LIABILITIES				
Due to other funds	$ -	$ 1,079	$ 1,079	$ -
Other liabilities	2,398	28,137	28,335	2,200
Total liabilities	$ 2,398	$ 29,216	$ 29,414	$ 2,200
DHS/DORS Agency (1147)				
ASSETS				
Cash and cash equivalents	$ -	$ 235	$ 235	$ -
Other receivables, net	1	-	1	-
Due from other Department funds	19	100	95	24
Total assets	$ 20	$ 335	$ 331	$ 24
LIABILITIES				
Accounts payable and accrued liabilities	$ 20	$ 239	$ 235	$ 24
Total liabilities	$ 20	$ 239	$ 235	$ 24
Total - All Agency Funds				
ASSETS				
Cash equity with State Treasurer	$ -	$ 204,400	$ 204,400	$ -
Cash and cash equivalents	1,529	15,621	15,797	1,353
Investments	815	-	20	795
Due from other government - federal	54	13,830	13,832	52
Other receivables, net	1	-	1	-
Due from other Department funds	19	100	95	24
Total assets	$ 2,418	$ 233,951	$ 234,145	$ 2,224
LIABILITIES				
Accounts payable and accrued liabilities	$ 20	$ 204,639	$ 204,635	$ 24
Due to Other Funds	-	1,079	1,079	-
Other liabilities	2,398	28,137	28,335	2,200
Total liabilities	$ 2,418	$ 233,855	$ 234,049	$ 2,224

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
FOR THE TWO YEARS ENDED JUNE 30, 2015

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 Appropriations, Expenditures and Lapsed Balances
    - Fiscal Year 2015
    - Fiscal Year 2014
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Comparative Schedule of Receipts, Disbursements, and Fund Balance (Cash Basis) – Locally Held Funds
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  - Analysis of Accounts Receivable

- Analysis of Operations (Unaudited)
  - Department Functions and Planning Program (Unaudited)
  - Comparative Schedule of Expenditures by Facility (Unaudited)
  - Schedule of Number of Employees (Unaudited)
  - Analysis of Employee Overtime (Unaudited)
  - Emergency Purchases (Unaudited)
    - Year Ended June 30, 2015
    - Year Ended June 30, 2014
  - Memorandums of Understanding (Unaudited)
  - Annual Cost Statistics (Unaudited)
  - Facility/School Statistics (Unaudited)
  - Service Efforts and Accomplishments (Unaudited)
  - Schedule of Indirect Cost Reimbursements (Unaudited)

The auditor's report that covers the Supplementary Information for State Compliance Purposes presented in the Financial Statement Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated, in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The auditor's report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

Schedule 1

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
PUBLIC ACTS 98-0642; 98-0675; 98-0680; 99-0001						
Appropriated Funds						
General Revenue Fund - 0001:						
Distributive Items	$ 718,934	$ 640,790	$ 71,675	$ 712,465	$ 6,469	$ -
Administrative and Program Support	54,607	43,541	7,336	50,877	3,730	-
Management Information Service	48,503	34,225	7,398	41,623	6,880	-
Aggregated Personal Services & Fringes	378,189	358,435	17,939	376,374	1,815	-
Community and Residential Services for Blind and Visually Impaired	57	57	-	57	-	-
Home Services Program	357,500	332,308	24,144	356,452	1,048	-
Mental Health Grants-in-aid and Purchase of Care	502,115	404,840	66,254	471,094	31,021	-
Inspector General	318	167	47	214	104	-
Developmental Disabilities Grants-in-aid and Purchase of Care	954,843	875,133	68,286	943,419	11,424	-
Addiction Treatment	120,776	98,318	16,966	115,284	5,492	-
Family and Community Services	263,668	235,473	16,471	251,944	11,724	-
Rehabilitation Service Bureaus	16,611	14,948	1,075	16,023	588	-
Disability/Behavioral Health Program Administration	12,575	5,363	2,671	8,034	4,541	-
Treatment/Detention Sexually Violent Person	17,408	13,679	1,915	15,594	1,814	-
Rehabilitation and Education Center	1,032	714	41	755	277	-
Illinois School for the Deaf	2,331	1,971	240	2,211	120	-
Illinois School for the Visually Impaired	1,002	775	182	957	45	-
Total General Revenue Fund	$ 3,450,469	$ 3,060,737	$ 302,640	$ 3,363,377	$ 87,092	$ -
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:						
Addiction Treatment	$ 64,508	$ 44,070	$ 5,160	$ 49,230	$ 15,278	$ -
Family and Community Services	16,000	13,272	1,238	14,510	1,490	-
Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	$ 80,508	$ 57,342	$ 6,398	$ 63,740	$ 16,768	$ -
Group Home Loan Revolving Fund - 0025:						
Addiction Treatment	$ 200	$ 30	$ -	$ 30	$ 170	$ -
Total Group Home Loan Revolving Fund	$ 200	$ 30	$ -	$ 30	$ 170	$ -
Illinois Veterans' Rehabilitation Fund - 0036:						
Rehabilitation Service Bureaus	$ 5,777	$ 5,053	$ 19	$ 5,072	$ 705	$ -
Total Illinois Veterans' Rehabilitation Fund	$ 5,777	$ 5,053	$ 19	$ 5,072	$ 705	$ -

(Continued)

Schedule 1

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Mental Health Fund - 0050:						
Administrative and Program Support	$ 9,100	$ 1,312	$ 94	$ 1,406	$ 7,694	$ -
Management Information Service	6,637	6,441	162	6,603	34	-
Developmental Disabilities Grants-in-aid and Purchase of Care	9,966	9,966	-	9,966	-	-
Disability/Behavioral Health Program Administration	22,852	17,763	525	18,288	4,564	-
Total Mental Health Fund	$ 48,555	$ 35,482	$ 781	$ 36,263	$ 12,292	$ -
Vocational Rehabilitation Fund - 0081:						
Administrative and Program Support	$ 13,589	$ 11,346	$ 707	$ 12,053	$ 1,536	$ -
Management Information Service	3,451	2,348	125	2,473	978	-
Rehabilitation Service Bureaus	156,788	101,876	9,485	111,361	45,427	-
Client Assistance Project	1,066	156	9	165	901	-
Rehabilitation and Education Center	60	48	12	60	-	-
Illinois School for the Deaf	50	36	-	36	14	-
Illinois School for the Visually Impaired	43	26	-	26	17	-
Total Vocational Rehabilitation Fund	$ 175,047	$ 115,836	$ 10,338	$ 126,174	$ 48,873	$ -
Assistance to the Homeless Fund - 0100:						
Employment and Social Service Program	$ 300	$ -	$ -	$ -	$ 300	$ -
Total Assistance to the Homeless Fund	$ 300	$ -	$ -	$ -	$ 300	$ -
Home Services Medicaid Trust Fund - 0120:						
Home Services Program	$ 246,000	$ 217,184	$ 26,258	$ 243,442	$ 2,558	$ -
Total Home Services Medicaid Trust Fund	$ 246,000	$ 217,184	$ 26,258	$ 243,442	$ 2,558	$ -
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:						
Employment and Social Service Program	$ 1,200	$ 487	$ 345	$ 832	$ 368	$ -
Total Youth Alcoholism and Substance Abuse Prevention Fund	$ 1,200	$ 487	$ 345	$ 832	$ 368	$ -
State Gaming Fund - 0129:						
Addiction Treatment	$ 1,030	$ 584	$ 183	$ 767	$ 263	$ -
Total State Gaming Fund	$ 1,030	$ 584	$ 183	$ 767	$ 263	$ -
Community DD Services Medicaid Trust Fund - 0142:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 50,000	$ 46,275	$ 2,969	$ 49,244	$ 756	$ -
Total Community DD Services Medicaid Trust Fund	$ 50,000	$ 46,275	$ 2,969	$ 49,244	$ 756	$ -

(Continued)

Schedule 1

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Mental Health Reporting Fund - 0148:						
Disability Health Program Administration	$ 2,500	$ 285	$ 11	$ 296	$ 2,204	$ -
Total Mental Health Reporting Fund	$ 2,500	$ 285	$ 11	$ 296	$ 2,204	$ -
Sexual Assault Services & Prevention Fund -0158:						
Family and Community Services	$ 700	$ 350	$ 150	$ 500	$ 200	$ -
Total Sexual Assault Services and Prevention Fund	$ 700	$ 350	$ 150	$ 500	$ 200	$ -
Children's Wellness Charities Fund - 0178:						
Family and Community Services	$ 100	$ -	$ -	$ -	$ 100	$ -
Total Children's Wellness Charities Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Housing for Families Fund - 0181:						
Family and Community Services	$ 100	$ -	$ -	$ -	$ 100	$ -
Total Housing for Families Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
DHS Technology Initiative Fund - 0211:						
Administrative and Program Support	$ 15,000	$ 5,056	$ 753	$ 5,809	$ 9,191	$ -
Total DHS Technology Initiative Fund	$ 15,000	$ 5,056	$ 753	$ 5,809	$ 9,191	$ -
Autism Research Checkoff Fund - 0228:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ -	$ 12	$ 12	$ 88	$ -
Total Autism Research Checkoff Fund	$ 100	$ -	$ 12	$ 12	$ 88	$ -
Drunk and Drugged Driving Prevention Fund - 0276:						
Addiction Treatment	$ 3,212	$ 1,595	$ 240	$ 1,835	$ 1,377	$ -
Total Drunk and Drugged Driving Prevention Fund	$ 3,212	$ 1,595	$ 240	$ 1,835	$ 1,377	$ -
Illinois Affordable Housing Trust Fund - 0286:						
Employment and Social Service Program	$ 13,384	$ 12,867	$ (3)	$ 12,864	$ 520	$ -
Total Illinois Affordable Housing Trust Fund	$ 13,384	$ 12,867	$ (3)	$ 12,864	$ 520	$ -
Care Provider Fund for Persons with a Developmental Disability - 0344:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 52,000	$ 29,679	$ 5,581	$ 35,260	$ 16,740	$ -
Total Care Provider Fund for Persons with a Developmental Disability Fund	$ 52,000	$ 29,679	$ 5,581	$ 35,260	$ 16,740	$ -

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Employment and Training Fund - 0347:						
Family and Community Services	$ 485,000	$ 432,353	$ 43,708	$ 476,061	$ 8,939	$ -
Federal Stimulus - ARRA	20,000	5,374	-	5,374	14,626	-
Total Employment and Training Fund	$ 505,000	$ 437,727	$ 43,708	$ 481,435	$ 23,565	$ -
Health and Human Services Medicaid Trust Fund - 0365:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 34,450	$ 25,416	$ 3,276	$ 28,692	$ 5,758	$ -
Family and Community Services	3,383	3,322	(2)	3,320	63	-
Total Health and Human Services Medicaid Trust Fund	$ 37,833	$ 28,738	$ 3,274	$ 32,012	$ 5,821	$ -
Drug Treatment Fund - 0368:						
Administrative and Program Support	$ 5	$ -	$ -	$ -	$ 5	$ -
Addiction Treatment	5,106	2,487	1,126	3,613	1,493	-
Total Drug Treatment Fund	$ 5,111	$ 2,487	$ 1,126	$ 3,613	$ 1,498	$ -
Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394:						
Family and Community Services	$ 3,517	$ 1,625	$ 9	$ 1,634	$ 1,883	$ -
Total Gaining Early Awareness and Readiness for Undergraduate Programs Fund	$ 3,517	$ 1,625	$ 9	$ 1,634	$ 1,883	$ -
DHS Special Purposes Trust Fund - 0408:						
Administrative and Program Support	$ 200	$ 178	$ 15	$ 193	$ 7	$ -
Family and Community Services	304,014	243,457	18,988	262,445	41,569	-
Total DHS Special Purposes Trust Fund	$ 304,214	$ 243,635	$ 19,003	$ 262,638	$ 41,576	$ -
Autism Awareness Fund - 0458:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ -	$ -	$ -	$ 100	$ -
Total Autism Awareness Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Old Age Survivors Insurance Fund - 0495:						
Administrative and Program Support	$ 2,879	$ 2,312	$ 205	$ 2,517	$ 362	$ -
Disability Determination Services Bureau	104,775	73,473	3,454	76,927	27,848	-
Total Old Age Survivors Insurance Fund	$ 107,654	$ 75,785	$ 3,659	$ 79,444	$ 28,210	$ -

(Continued)

Schedule 1

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Early Intervention Services Revolving Fund - 0502:						
Administrative and Program Support	$ 300	$ 173	$ 9	$ 182	$ 118	$ -
Family and Community Services	172,293	141,522	14,087	155,609	16,684	-
Total Early Intervention Services Revolving Fund	$ 172,593	$ 141,695	$ 14,096	$ 155,791	$ 16,802	$ -
DHS Community Services Fund - 0509:						
Mental Health Grants-in-aid and Purchase of Care	$ 20,000	$ 6,209	$ 116	$ 6,325	$ 13,675	$ -
Total DHS Community Services Fund	$ 20,000	$ 6,209	$ 116	$ 6,325	$ 13,675	$ -
Domestic Violence Abuser Services Fund - 0528:						
Employment and Social Service Program	$ 100	$ 98	$ 2	$ 100	$ -	$ -
Total Domestic Violence Abuser Services Fund	$ 100	$ 98	$ 2	$ 100	$ -	$ -
Juvenile Accountability Incentive Block Grant Fund - 0581:						
Family and Community Services	$ 10,000	$ 1,313	$ 364	$ 1,677	$ 8,323	$ -
Total Juvenile Accountability Incentive Block Grant Fund	$ 10,000	$ 1,313	$ 364	$ 1,677	$ 8,323	$ -
DHS Federal Projects Fund - 0592:						
Administrative and Program Support	$ 25	$ -	$ -	$ -	$ 25	$ -
Mental Health Grants-in-aid and Purchase of Care	16,036	137	24	161	15,875	-
Disability/Behavioral Health Program Administration	6,004	7,594	2,121	9,715	(3,711)	-
Family and Community Services	30,254	5,191	1,011	6,202	24,052	-
Total DHS Federal Projects Fund	$ 52,319	$ 12,922	$ 3,156	$ 16,078	$ 36,241	$ -
Special Olympics Illinois Fund - 0623:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ 8	$ 12	$ 20	$ 80	$ -
Total Special Olympics Illinois Fund	$ 100	$ 8	$ 12	$ 20	$ 80	$ -
DHS State Projects Fund - 0642:						
Administrative and Program Support	$ 1,000	$ -	$ -	$ -	$ 1,000	$ -
Family and Community Services	368	-	-	-	368	-
Total DHS State Projects Fund	$ 1,368	$ -	$ -	$ -	$ 1,368	$ -
Commitment to Human Services Fund - 0644:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 98,728	$ 98,333	$ 308	$ 98,641	$ 87	$ -
Total Commitment to Human Services Fund	$ 98,728	$ 98,333	$ 308	$ 98,641	$ 87	$ -

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Alcoholism and Substance Abuse Fund - 0646:						
Addiction and Treatment	$ 22,145	$ 5,834	$ 894	$ 6,728	$ 15,417	$ -
Family and community services	8,309	49	150	199	8,110	-
Total Alcoholism and Substance Abuse Fund	$ 30,454	$ 5,883	$ 1,044	$ 6,927	$ 23,527	$ -
DHS Private Resources Fund - 0690:						
Administrative and Program Support	$ 326	$ 66	$ -	$ 66	$ 260	$ -
Total DHS Private Resources Fund	$ 326	$ 66	$ -	$ 66	$ 260	$ -
U.S.D.A. Women Infants and Children Fund - 0700:						
Administrative and Program Support	$ 280	$ 55	$ 5	$ 60	$ 220	$ -
Family and Community Services	323,949	261,378	19,295	280,673	43,276	-
Management Information Service	584	315	16	331	253	-
Total U.S.D.A. Women Infants and Children Fund	$ 324,813	$ 261,748	$ 19,316	$ 281,064	$ 43,749	$ -
Hunger Relief Fund - 0706:						
Family and Community Services	$ 300	$ -	$ -	$ -	$ 300	$ -
Total Hunger Relief Fund	$ 300	$ -	$ -	$ -	$ 300	$ -
Community Mental Health Medicaid Trust Fund - 0718:						
Mental Health Grants-in-aid and Purchase of Care	$ 122,902	$ 81,345	$ 1,617	$ 82,962	$ 39,940	$ -
Total Community Mental Health Medicaid Trust Fund	$ 122,902	$ 81,345	$ 1,617	$ 82,962	$ 39,940	$ -
Tobacco Settlement Recovery Fund - 0733:						
Family and Community Services	$ 1,389	$ 907	$ -	$ 907	$ 482	$ -
Total Tobacco Settlement Recovery Fund	$ 1,389	$ 907	$ -	$ 907	$ 482	$ -
Local Initiative Fund - 0762:						
Administrative and Program Support	$ 25	$ 18	$ 2	$ 20	$ 5	$ -
Family and Community Services	22,729	16,669	2,879	19,548	3,181	-
Total Local Initiative Fund	$ 22,754	$ 16,687	$ 2,881	$ 19,568	$ 3,186	$ -
Healthcare Provider Relief Fund - 0793:						
Addiction and Treatment	$ 20,000	$ 8,519	$ 412	$ 8,931	$ 11,069	$ -
Developmental Disabilities Grants-in-aid and Purchase of Care	370,000	370,000	-	370,000	-	-
Total Healthcare Provider Relief Fund	$ 390,000	$ 378,519	$ 412	$ 378,931	$ 11,069	$ -

(Continued)

Schedule 1

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:						
DHS Administration	$ 1,384	$ 475	$ 99	$ 574	$ 810	$ -
Total Rehabilitation Services Elementary and Secondary Education Act Fund	$ 1,384	$ 475	$ 99	$ 574	$ 810	$ -
Farmer's Market Technology Improvement Fund - 0864:						
Employment and Social Service Program	$ 1,000	$ 2	$ 11	$ 13	$ 987	$ -
Total Farmer's Market Technology Improvement Fund	$ 1,000	$ 2	$ 11	$ 13	$ 987	$ -
Domestic Violence Shelter and Service Fund - 0865:						
Employment and Social Service Program	$ 952	$ 670	$ 58	$ 728	$ 224	$ -
Total Domestic Violence Shelter and Service Fund	$ 952	$ 670	$ 58	$ 728	$ 224	$ -
Maternal and Child Health Services Block Grant Fund - 0872:						
Administrative and Program Support	$ 45	$ 25	$ 4	$ 29	$ 16	$ -
Family and Community Services	9,401	5,045	787	5,832	3,569	-
Management Information Service	406	237	8	245	161	-
Total Maternal and Child Health Services Block Grant Fund	$ 9,852	$ 5,307	$ 799	$ 6,106	$ 3,746	$ -
Community Mental Health Services Block Grant Fund - 0876:						
Mental Health Grants-in-aid and Purchase of Care	$ 22,145	$ 15,055	$ 21	$ 15,076	$ 7,069	$ -
Total Community Mental Health Services Block Grant Fund	$ 22,145	$ 15,055	$ 21	$ 15,076	$ 7,069	$ -
Youth Drug Abuse Prevention Fund - 0910:						
Administrative and Program Support	$ 30	$ -	$ 106	$ 106	$ (76)	$ -
Addiction Treatment	530	-	-	-	530	-
Total Youth Drug Abuse Prevention Fund	$ 560	$ -	$ 106	$ 106	$ 454	$ -
Juvenile Justice Trust Fund - 0911:						
Family and Community Services	$ 13,480	$ 2,046	$ 416	$ 2,462	$ 11,018	$ -
Total Juvenile Justice Trust Fund	$ 13,480	$ 2,046	$ 416	$ 2,462	$ 11,018	$ -
DHS Recoveries Trust Fund - 0921:						
Administrative and Program Support	$ 21,563	$ 9,255	$ 1,577	$ 10,832	$ 10,731	$ -
Total DHS Recoveries Trust Fund	$ 21,563	$ 9,255	$ 1,577	$ 10,832	$ 10,731	$ -

(Continued)

Schedule 1

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2015
FOURTEEN MONTHS ENDED AUGUST 31, 2015
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/1 to 8/31/15	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/15
Build Illinois Bond Fund - 0971:						
Administrative and Program Support	$ 100	$ -	$ -	$ -	$ 100	$ 100
Total Build Illinois Bond Fund	$ 100	$ -	$ -	$ -	$ 100	$ 100
Total Appropriated Funds	$ 6,428,793	$ 5,417,382	$ 473,865	$ 5,891,247	$ 537,546	$ 100
Non-Appropriated Funds						
Hansen-Therkelsen Memorial Fund - 0123:						
Hansen-Therkelsen Memorial		$ 4	$ -	$ 4		
Total Hansen-Therkelsen Memorial Fund		$ 4	$ -	$ 4		
Electronic Benefits Transfer Fund - 0540:						
Distributive Items		$ 204,400	$ -	$ 204,400		
Total Electronic Benefits Transfer Fund		$ 204,400	$ -	$ 204,400		
DHS Federal Projects Fund - 0592:						
DHS Federal Projects		$ 439	$ 439	$ 878		
Total DHS Federal Projects Fund		$ 439	$ 439	$ 878		
DHS State Projects Fund - 0642:						
DHS State Projects		$ 6,605	$ (1)	$ 6,604		
Total DHS State Projects Fund		$ 6,605	$ (1)	$ 6,604		
DHS Private Resources Fund - 0690:						
DHS Private Resource		$ 64	$ -	$ 64		
Total DHS Private Resources Fund		$ 64	$ -	$ 64		
DHS Recoveries Trust Fund - 0921:						
DHS Recoveries Trust		$ 3,537	$ 1,128	$ 4,665		
Total DHS Recoveries Trust Fund		$ 3,537	$ 1,128	$ 4,665		
Total Non-Appropriated Funds		$ 215,049	$ 1,566	$ 216,615		
Grand Total All Funds		$ 5,632,431	$ 475,431	$ 6,107,862		

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

Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

(Concluded)

Schedule 2

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
PUBLIC ACTS 98-0027; 98-0050; 98-0591; 98-0642; 98-0675						
Appropriated Funds						
General Revenue Fund - 0001:						
Distributive Items	$ 541,127	$ 485,168	$ 52,474	$ 537,642	$ 3,485	$ -
Aggregated Personnel Services and Frings	999,145	899,627	90,903	990,530	8,615	-
Employment and Social Services Program	215,040	181,835	25,703	207,538	7,502	-
Home Services Program	347,573	326,447	19,872	346,319	1,254	-
Mental Health Grants-in-aid and Purchase of Care	261,282	201,419	38,582	240,001	21,281	-
Developmental Disabilities Grants-in-aid and Purchase of Care	760,288	678,130	76,415	754,545	5,743	-
Addiction Treatment	128,827	112,386	14,988	127,374	1,453	-
Rehabilitation Service Bureaus	13,400	12,315	1,057	13,372	28	-
Total General Revenue Fund	$ 3,266,682	$ 2,897,327	$ 319,994	$ 3,217,321	$ 49,361	$ -
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013:						
Administration and Program Support	$ 220	$ -	$ -	$ -	220	$ -
Addiction Treatment	64,302	45,388	6,960	52,348	11,954	-
Family and Community Services	16,000	12,985	1,812	14,797	1,203	-
Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	$ 80,522	$ 58,373	$ 8,772	$ 67,145	$ 13,377	$ -
Group Home Loan Revolving Fund - 0025:						
Addiction Treatment	$ 200	$ 40	$ -	$ 40	160	$ -
Total Group Home Loan Revolving Fund	$ 200	$ 40	$ -	$ 40	$ 160	$ -
Illinois Veterans' Rehabilitation Fund - 0036:						
Rehabilitation Service Bureaus	$ 5,588	$ 4,994	$ 122	$ 5,116	472	$ -
Total Illinois Veterans' Rehabilitation Fund	$ 5,588	$ 4,994	$ 122	$ 5,116	$ 472	$ -
Mental Health Fund - 0050:						
Administrative and Program Support	$ 9,100	$ 4,532	$ 108	$ 4,640	4,460	$ -
Management Information Service	6,312	2,216	117	2,333	3,979	-
Developmental Disabilities Grants-in-aid and Purchase of Care	9,965	4,982	-	4,982	4,983	-
Disability/Behavioral Health Program Administration	22,631	14,474	484	14,958	7,673	-
Total Mental Health Fund	$ 48,008	$ 26,204	$ 709	$ 26,913	$ 21,095	$ -

(Continued)

Schedule 2

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
Vocational Rehabilitation Fund - 0081:						
Administrative and Program Support	$ 18,856	$ 11,890	$ 754	$ 12,644	6,212	$ -
Management Information Service	11,184	2,841	96	2,937	8,247	-
Rehabilitation Service Bureaus	155,846	100,479	10,069	110,548	45,298	-
Client Assistance Project	1,056	284	4	288	768	-
Rehabilitation and Educations Center	60	49	10	59	1	-
School for the Deaf	50	37	-	37	13	-
School for the Visually Impaired	43	23	-	23	20	-
Total Vocational Rehabilitation Fund	$ 187,095	$ 115,603	$ 10,933	$ 126,536	$ 60,559	$ -
Assistance to the Homeless Fund - 0100:						
Family and Community Services	$ 300	$ 260	$ (2)	$ 258	42	$ -
Total Assistance to the Homeless Fund	$ 300	$ 260	$ (2)	$ 258	$ 42	$ -
Home Services Medicaid Trust Fund - 0120						
Home Service Program	$ 246,000	$ 199,038	$ 22,786	$ 221,824	24,176	$ -
Total Home Services Medicaid trust Fund	$ 246,000	$ 199,038	$ 22,786	$ 221,824	$ 24,176	$ -
Youth Alcoholism and Substance Abuse Prevention Fund - 0128:						
Family and Community Services	$ 1,200	$ 319	$ 422	$ 741	459	$ -
Total Youth Alcoholism and Substance Abuse Prevention Fund	$ 1,200	$ 319	$ 422	$ 741	$ 459	$ -
State Gaming Fund - 0129:						
Addiction Treatment	$ 1,023	$ 675	$ 171	$ 846	177	$ -
Total State Gaming Fund	$ 1,023	$ 675	$ 171	$ 846	$ 177	$ -
Community DD Services Medicaid Trust Fund - 0142:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 50,000	$ 20,702	$ 1,615	$ 22,317	27,683	$ -
Total Community DD Services Medicaid Trust Fund	$ 50,000	$ 20,702	$ 1,615	$ 22,317	$ 27,683	$ -
Mental Health Reporting Fund - 0148:						
Disability Behavioral Health Program	$ 2,500	$ 478	$ 18	$ 496	2,004	$ -
Total Mental Health Reporting Fund	$ 2,500	$ 478	$ 18	$ 496	$ 2,004	$ -
Sexual Assault Services & Prevention Fund - 0158						
Family and Community Services	$ 100	$ -	$ -	$ -	100	$ -
Total Sexual Assault Services & Prevention Fund	$ 100	$ -	$ -	$ -	$ 100	$ -

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
Children's Wellness Charities Fund - 0178						
Family and Community Services	$ 100	$ -	$ -	$ -	100	$ -
Total Children's Wellness Charities Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Housing For Families Fund - 0181						
Family and Community Services	$ 100	$ -	$ -	$ -	100	$ -
Total Housing for Families Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
DHS Technology Initiative Fund - 0211						
Administrative and Program Support	$ 15,000	$ 4,590	$ 1,436	$ 6,026	8,974	$ -
Total DHS Technology Initiative Fund	$ 15,000	$ 4,590	$ 1,436	$ 6,026	$ 8,974	$ -
Autism Research Checkoff Fund - 0228:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ 48	$ -	$ 48	52	$ -
Total Autism Research Checkoff Fund	$ 100	$ 48	$ -	$ 48	$ 52	$ -
Drunk and Drugged Driving Prevention Fund - 0276:						
Addiction Treatment	$ 3,170	$ 1,670	$ 224	$ 1,894	1,276	$ -
Total Drunk and Drugged Driving Prevention Fund	$ 3,170	$ 1,670	$ 224	$ 1,894	$ 1,276	$ -
Illinois Affordable Housing Trust Fund - 0286:						
Family and Community Services	$ 13,384	$ 11,368	$ 1,529	$ 12,897	487	$ -
Total Illinois Affordable Housing Trust Fund	$ 13,384	$ 11,368	$ 1,529	$ 12,897	$ 487	$ -
Federal National Community Services Fund - 0343:						
Administrative and Program Support	$ 38	$ -	$ -	$ -	38	$ -
Family and Community Services	12,977	6,309	764	7,073	5,904	-
Total Federal National Community Services Fund	$ 13,015	$ 6,309	$ 764	$ 7,073	$ 5,942	$ -
Care Provider Fund for Persons with a Developmental Disability Fund - 0344:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 52,000	$ 33,145	$ 33	$ 33,178	18,822	$ -
Total Care Provider Fund for Persons with a Developmental Disability Fund	$ 52,000	$ 33,145	$ 33	$ 33,178	$ 18,822	$ -
Employment and Training Fund - 0347:						
Family and Community Services	$ 485,000	$ 443,292	$ 40,438	$ 483,730	1,270	$ -
Federal Stimulus - ARRA	20,000	-	-	-	20,000	-
Total Employment and Training Fund	$ 505,000	$ 443,292	$ 40,438	$ 483,730	$ 21,270	$ -

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
Health and Human Services Medicaid Trust Fund - 0365:						
Family and Community Services	$ 3,382	$ 3,382	$ -	$ 3,382	$ -	$ -
Developmental Disabilities Grants-in-aid and Purchase of Care	34,450	29,945	1,659	31,604	2,846	-
Total Health and Human Services Medicaid Trust Fund	$ 37,832	$ 33,327	$ 1,659	$ 34,986	$ 2,846	$ -
Drug Treatment Fund - 0368:						
Administrative and Program Support	$ 5	$ -	$ -	$ -	$ 5	$ -
Addiction Treatment	5,073	3,239	179	3,418	1,655	-
Total Drug Treatment Fund	$ 5,078	$ 3,239	$ 179	$ 3,418	$ 1,660	$ -
Sexual Assault Services Fund - 0389						
Family and Community Services	$ 100	$ 100	$ -	$ 100	$ -	$ -
Total Sexual Assault Services Fund	$ 100	$ 100	$ -	$ 100	$ -	$ -
Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394:						
Family and Community Services	$ 3,500	$ 1,888	$ 32	$ 1,920	$ 1,580	$ -
Total Gaining Early Awareness and Readiness for Undergraduate Programs Fund	$ 3,500	$ 1,888	$ 32	$ 1,920	$ 1,580	$ -
DHS Special Purposes Trust Fund - 0408:						
Administrative and Program Support	$ 575	$ 174	$ 21	$ 195	380	$ -
Family and Community Services	292,444	231,038	21,075	252,113	40,331	-
Total DHS Special Purposes Trust Fund	$ 293,019	$ 231,212	$ 21,096	$ 252,308	$ 40,711	$ -
Autism Awareness Fund - 0458						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ -	$ -	$ -	$ 100	$ -
Total Autism Awareness Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Old Age Survivors Insurance Fund - 0495:						
Administrative and Program Support	$ 2,879	$ 2,448	$ 224	$ 2,672	207	$ -
Disability Determination Services Bureau	102,791	67,719	3,198	70,917	31,874	-
Total Old Age Survivors Insurance Fund	$ 105,670	$ 70,167	$ 3,422	$ 73,589	$ 32,081	$ -
Early Intervention Services Revolving Fund - 0502:						
Administrative and Program Support	$ 412	$ 149	$ 7	$ 156	$ 256	$ -
Family and Community Services	160,197	135,997	21,580	157,577	2,620	-
Total Early Intervention Services Revolving Fund	$ 160,609	$ 136,146	$ 21,587	$ 157,733	$ 2,876	$ -

(Continued)

Schedule 2

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
DHS Community Services Fund - 0509:						
Administrative and Program Support	$ 20,000	$ 14,119	$ 929	$ 15,048	$ 4,952	$ -
Total DHS Community Services Fund	$ 20,000	$ 14,119	$ 929	$ 15,048	$ 4,952	$ -
Domestic Violence Abuser Services Fund - 0528:						
Family and Community Services	$ 100	$ -	$ -	$ -	$ 100	$ -
Total Domestic Violence Abuser Services Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Juvenile Accountability Incentive Block Fund - 0581:						
Family and Community Services	$ 10,000	$ 533	$ 269	$ 802	$ 9,198	$ -
Total Juvenile Accountability Incentive Block Fund	$ 10,000	$ 533	$ 269	$ 802	$ 9,198	$ -
DHS Federal Projects Fund - 0592:						
Administrative and Program Support	$ 2,160	$ -	$ -	$ -	$ 2,160	$ -
Mental Health Grants-in-aid and Purchase of Care	16,023	6,069	706	6,775	9,248	-
Disability/Behavioral Health Program Administration	5,979	1,005	110	1,115	4,864	-
Family and Community Services	30,813	5,641	935	6,576	24,237	-
Total DHS Federal Projects Fund	$ 54,975	$ 12,715	$ 1,751	$ 14,466	$ 40,509	$ -
Special Olympic Illinois Fund - 0623:						
Developmental Disabilities Grants-in-aid and Purchase of Care	$ 100	$ 16	$ -	$ 16	$ 84	$ -
Total Special Olympic Illinois Fund	$ 100	$ 16	$ -	$ 16	$ 84	$ -
DHS State Projects Fund - 0642:						
Administrative and Program Support	$ 16,000	$ 945	$ -	$ 945	$ 15,055	$ -
Family and Community Services	368	-	-	-	368	-
Total DHS State Projects Fund	$ 16,368	$ 945	$ -	$ 945	$ 15,423	$ -
Alcoholism and Substance Abuse Fund - 0646:						
Addiction Treatment	$ 22,129	$ 5,913	$ 902	$ 6,815	$ 15,314	$ -
Family and Community Services	8,309	44	-	44	8,265	-
Total Alcoholism and Substance Abuse Fund	$ 30,438	$ 5,957	$ 902	$ 6,859	$ 23,579	$ -
DHS Private Resources Fund - 0690:						
Administrative and Program Support	$ 453	$ 117	$ -	$ 117	$ 336	$ -
Total DHS Private Resources Fund	$ 453	$ 117	$ -	$ 117	$ 336	$ -

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
U.S.D.A. Women Infants and Children Fund - 0700:						
Administrative and Program Support	$ 600	$ 57	$ 5	$ 62	$ 538	$ -
Management Information Service	1,406	306	8	314	1,092	-
Family and Community Services	323,702	263,810	23,465	287,275	36,427	-
Federal Stimulus - ARRA	15,000	1,291	(550)	741	14,259	-
Total U.S.D.A. Women Infants and Children Fund	$ 340,708	$ 265,464	$ 22,928	$ 288,392	$ 52,316	$ -
Hunger Relief Fund - 0706:						
Family and Community Services	$ 300	$ 68	$ -	$ 68	$ 232	$ -
Total Hunger Relief Fund	$ 300	$ 68	$ -	$ 68	$ 232	$ -
Community Mental Health Medicaid Trust Fund - 0718:						
Mental Health Grants-in-aid and Purchase of Care	$ 131,052	$ 103,626	$ 2,275	$ 105,901	$ 25,151	$ -
Total Community Mental Health Medicaid Trust Fund	$ 131,052	$ 103,626	$ 2,275	$ 105,901	$ 25,151	$ -
Tobacco Settlement Recovery Fund - 0733:						
Family and Community Services	$ 1,389	$ 685	$ 704	$ 1,389	$ -	$ -
Total Tobacco Settlement Recovery Fund	$ 1,389	$ 685	$ 704	$ 1,389	$ -	$ -
Local Initiative Fund - 0762:						
Administrative and Program Support	$ 125	$ 18	$ 2	$ 20	$ 105	$ -
Family and Community Services	22,643	16,409	3,175	19,584	3,059	-
Total Local Initiative Fund	$ 22,768	$ 16,427	$ 3,177	$ 19,604	$ 3,164	$ -
Crisis Nursery Fund - 0777:						
Family and Community Services	$ 100	$ -	$ -	-	$ 100	$ -
Total Crisis Nursery Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Healthcare Provider Relief Fund - 0793:						
Addiction Treatment	$ 10,000	$ -	$ 181	$ 181	9,819	$ -
Developmental Disabilities Grants-in-aid and Purchase of Care	370,000	369,956		369,956	44	-
Total Healthcare Provider Relief Fund	$ 380,000	$ 369,956	$ 181	$ 370,137	$ 9,863	$ -
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798:						
DHS Administration	$ 1,375	$ 613	$ 71	$ 684	$ 691	$ -
Total Rehabilitation Services Elementary and Secondary Education Act Fund	$ 1,375	$ 613	$ 71	$ 684	$ 691	$ -

(Continued)

Schedule 2

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
Farmers' Market Shelter and Services Fund - 0864:						
Family and Community Services	$ 1,000	$ 10	$ -	$ 10	$ 990	$ -
Total Farmer's Market Shelter and Services Fund	$ 1,000	$ 10	$ -	$ 10	$ 990	$ -
Domestic Violence Shelter and Service Fund - 0865:						
Administrative and Program Support	$ 64	$ -	$ -	$ -	$ 64	$ -
Family and Community Services	952	442	135	577	375	-
Total Domestic Violence Shelter and Service Fund	$ 1,016	$ 442	$ 135	$ 577	$ 439	$ -
Maternal and Child Health Services Block Grant Fund - 0872:						
Administrative and Program Support	$ 87	$ 23	$ 8	$ 31	$ 56	$ -
Management Information Service	9,251	5,150	358	5,508	3,743	-
Family and Community Services	396	238	7	245	151	-
Total Maternal and Child Health Services Block Grant Fund	$ 9,734	$ 5,411	$ 373	$ 5,784	$ 3,950	$ -
Community Mental Health Services Block Grant Fund - 0876:						
Administrative and Program Support	$ 71	$ -	$ -	$ -	$ 71	$ -
Mental Health Grants-in-aid and Purchase of Care	22,171	14,393	37	14,430	7,741	-
Total Community Mental Health Services Block Grant Fund	$ 22,242	$ 14,393	$ 37	$ 14,430	$ 7,812	$ -
Habitat for Humanity Fund - 0877:						
Family and Community Services	$ 100	$ -	$ -	$ -	$ 100	$ -
Total Habitat for Humanity Fund	$ 100	$ -	$ -	$ -	$ 100	$ -
Youth Drug Abuse Prevention Fund - 0910:						
Administrative and Program Support	$ 30	$ -	$ -	$ -	$ 30	$ -
Addiction Treatment	530	234	5	239	291	-
Total Youth Drug Abuse Prevention Fund	$ 560	$ 234	$ 5	$ 239	$ 321	$ -
Juvenile Justice Trust Fund - 0911:						
Administrative and Program Support	$ 15	$ -	$ -	$ -	$ 15	$ -
Family and Community Services	13,468	1,846	518	2,364	11,104	-
Total Juvenile Justice Trust Fund	$ 13,483	$ 1,846	$ 518	$ 2,364	$ 11,119	$ -
DHS Recoveries Trust Fund - 0921:						
Administrative and Program Support	$ 21,196	$ 9,322	$ 448	$ 9,770	$ 11,426	$ -
Total DHS Recoveries Trust Fund	$ 21,196	$ 9,322	$ 448	$ 9,770	$ 11,426	$ -

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATIONS FOR FISCAL YEAR 2014
FOURTEEN MONTHS ENDED AUGUST 31, 2014
(expressed in thousands)

Schedule 2

	Appropriations (Net after Transfers)	Expenditures Through 6/30/14	Lapse Period Expenditures 7/1 to 8/31/14	Total Expenditures	Balances Lapsed	Balances Reappropriated 7/1/14
Build Illinois Bond Fund - 0971:						
Administrative and Program Support	$ 100	$ -	$ -	$ -	$ 100	$ 100
Total Build Illinois Bond Fund	$ 100	$ -	$ -	$ -	$ 100	$ 100
Total Appropriated Funds	$ 6,176,552	$ 5,123,413	$ 492,642	$ 5,616,055	$ 560,497	$ 100
Non-Appropriated Funds						
Hansen-Therkelsen Memorial Fund - 0123:						
Administrative and Program Support		$ 7	$ -	$ 7		
Total Hansen-Therkelsen Memorial Fund		$ 7	$ -	$ 7		
Electronic Benefits Transfer Fund - 0540:						
Distributive Items		$ 206,364	$ -	$ 206,364		
Total Electronic Benefits Transfer Fund		$ 206,364	$ -	$ 206,364		
DHS Federal Projects Fund - 0592:						
Administrative and Program Support		$ 649	$ -	$ 649		
Total DHS Federal Projects Fund		$ 649	$ -	$ 649		
DHS State Projects Fund - 0642:						
Family and Community Services		$ 8,160	$ 573	$ 8,733		
Total DHS State Projects Fund		$ 8,160	$ 573	$ 8,733		
DHS Private Resources Fund - 0690:						
Mental Health Grants-in-aid and Purchase of Care		$ 150	$ -	$ 150		
Disability/Behavioral Health Program Administration		4	-	4		
Total DHS Private Resources Fund		$ 154	$ -	$ 154		
DHS Recoveries Trust Fund - 0921:						
Distributive Items		$ 3,936	$ 785	$ 4,721		
Total DHS Recoveries Trust Fund		$ 3,936	$ 785	$ 4,721		
Total Non-Appropriated Funds		$ 219,270	$ 1,358	$ 220,628		
Total All Funds		$ 5,342,683	$ 494,000	$ 5,836,683		

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

Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE YEARS ENDED JUNE 30, 2015, 2014 AND 2013
(expressed in thousands)

	Fiscal Year		
	2015	**2014**	**2013**
	98-0642; 98-0675; 98-0680; 99-0001	**PA 98-0027; 98-0050; 98-0642; 98-0591; 98-0675**	**PA 97-0725; 97-0730; 98-0001; 98-0017**
ALL FUNDS			
Appropriations (net after transfers):	$ 6,428,793	$ 6,176,552	$ 6,088,125
Expenditures:			
Personal Services	$ 893,356	$ 860,059	$ 826,848
Retirement	39,688	36,526	42,418
State Contributions for Social Security	64,175	61,658	59,894
Employer Contributions for Group Insurance	23,485	24,162	28,826
Contractual Services	213,291	215,836	200,293
Travel	2,356	2,993	3,062
Commodities	32,967	30,431	27,298
Printing	2,084	1,835	1,831
Equipment	2,371	4,404	2,899
Telecommunications	12,655	15,425	11,086
Operation of Automotive Equipment	1,076	1,459	1,085
Lump Sums and Other Purposes	271	169	2,090
Interfund Cash Transfers	291,295	293,470	295,297
Awards and Grants	4,264,980	4,016,963	4,049,588
Tort, Settlements and Similar Payments - Nontaxable	27	648	27
Medical Preparation and Food Supplies for Free Distribution	225,160	233,649	239,299
Awards and Grants to Students	1,968	2,241	2,651
Grants to Other State Agencies	32,082	24,095	29,336
Permanent Improvements, Lump Sums and Other Purposes	375	6,314	295
Refunds of Federal and Other Grants	3,499	3,621	3,016
Refunds, Not Elsewhere Classified	701	725	357
Total Expenditures	6,107,862	5,836,683	5,827,496
Less Non-Appropriated Expenditures	216,615	220,628	264,570
Appropriated Expenditures	5,891,247	5,616,055	5,562,926
Reappropriated Balances	100	100	100
Lapsed Balances	$ 537,446	$ 560,397	$ 525,099
State Officers' Salaries			
Expenditures			
Secretary	$ 116	$ 150	$ 150
Assistant Secretaries	175	225	172
Total Expenditures	$ 291	$ 375	$ 322

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.

Schedule 4

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE YEARS ENDED JUNE 30, 2014 AND 2015

	Equipment	Land and Land Improvements	Buildings and Building Improvements	Site Improvements	Capital Lease Equipment	Total
Balance at July 1, 2013	$ 103,416,392	$ 3,474,665	$ 583,858,955	$ 86,793,767	$ 1,133,079	$ 778,676,858
Additions	4,309,305	-	951,797	-	96,633	5,357,735
Deletions	2,945,013	59,525	35,633,571	4,598,418	246,757	43,483,284
Net Transfers	(7,239,425)	-	16,837,062	-	-	9,597,637
Balance at June 30, 2014	$ 97,541,259	$ 3,415,140	$ 566,014,243	$ 82,195,349	$ 982,955	$ 750,148,946
Balance at July 1, 2014	$ 97,541,259	$ 3,415,140	$ 566,014,243	$ 82,195,349	$ 982,955	$ 750,148,946
Additions	8,888,398	-	206,807	-	1,289,779	10,384,984
Deletions	2,297,242	-	-	-	1,447,279	3,744,521
Net Transfers	(7,374,178)	-	8,000,539	835	-	627,196
Balance at June 30, 2015	$ 96,758,237	$ 3,415,140	$ 574,221,589	$ 82,196,184	$ 825,455	$ 757,416,605

Note: This schedule has been reconciled to property reports (C-15 Agency Report of State Property) submitted to the Office of the State Comptroller.

This summary schedule was prepared using State property records required by the Illinois Administrative Code (Code). The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2015, 2014, AND 2013
(expressed in thousands)

	2015	2014	2013
General Revenue Fund - 0001			
Miscellaneous collections from facilities/General Office	$ 216	$ 169	$ 575
Reimbursement - Emergency Revolving Fund, jury duty, locally held funds, petty cash and miscellaneous	195	172	642
Federal - U.S. Dept. of Health and Human Services - Refugee Entrants program	5,067	3,346	3,913
Federal - U.S. Department of Health and Human Services - other	643	23	26
Federal - U.S. Department of Agriculture - Food Stamps program	102,812	93,001	91,147
Federal - U.S. Department of Justice	49	31	-
Federal - USDA Supplies/Commodities	-	12	-
Federal - Indirect cost reimbursements	82	1,982	1,140
Vocational Rehabilitation Fund	-	-	193
Non-medical	-	-	2
Original and renewal license fees	103	51	99
Child Care Development Block Grant	-	-	11,129
State offset claims	279	972	-
Refugee Entrants Program	5	4	2
Total General Revenue Fund	109,451	99,763	108,868
Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013			
Loan repayment	-	-	2
Federal - U.S. Department of Health and Human Services	66,072	65,478	68,052
State offset claims	-	1	20
Total Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund	66,072	65,479	68,074
Group Home Loan Revolving Fund - 0025			
Loan repayment	26	19	14
Illinois Veterans' Rehabilitation Fund - 0036			
Vocational Rehabilitation Fund	-	-	57
Mental Health Fund - 0050			
Patient care reimbursements and miscellaneous collections	17,683	17,545	22,934
Other Illinois state agencies and local units	3,592	6,965	1,946
Private organization or individuals	-	(2)	2
Federal - Medicare Part D	6,608	5,569	6,423
Total Mental Health Fund	27,883	30,077	31,305
Vocational Rehabilitation Fund - 0081			
Randolph Sheppard vendors	126	258	232
Federal - U.S. Department of Education	117,062	121,513	111,266
Federal - U.S. Department of Health and Human Services	9,481	5,390	4,033
Federal - Indirect cost reimbursements	8,042	7,252	-
Reimbursement/recovery - jury duty, repayments due to law	1	1	1
General Revenue Fund transfers	-	3,974	-
State offset claims	3	20	-
Miscellaneous	-	7	-
Total Vocational Rehabilitation Fund	134,715	138,415	115,532
Hansen-Therkelsen Memorial Deaf Student College Fund - 0123			
Loan repayments	2	1	8
CMS vs AFSCME Wages Trust Fund - 0168			
Court and anti-trust distribution	-	-	20,240

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2015, 2014, AND 2013
(expressed in thousands)

Schedule 5

	2015	2014	2013
DHS Technology Initiative Fund - 0211			
Other Illinois state agencies - framework program	$ 8,031	$ 5,134	$ -
DCFS Children's Services Fund - 0220			
Federal - Temporary Assistance to Needy Families grant	68,800	68,800	68,800
Income Tax Refund Fund - 0278			
Federal - Temporary Assistance to Needy Families grant	42,661	42,752	19,933
Federal National Community Services Fund - 0343			
Federal - National Community Services grants	767	7,118	9,100
Employment and Training Fund - 0347			
Federal - Temporary Assistance to Needy Families grant	473,376	471,812	495,010
Federal stimulus package	4,277	-	162
Total Employment and Training Fund	477,653	471,812	495,172
Health and Human Services Medical Trust Fund - 0365			
State offset claims	-	-	55
Gaining Early Awareness and Readiness for Undergraduate Programs Fund - 0394			
Federal - U.S. Department of Education	-	-	34
DHS Special Purposes Trust Fund - 0408			
Federal - U.S. Department of Health and Human Services (HHS)	10,253	8,556	7,335
Federal - U.S. Department of Agriculture - multiple grants	20,018	21,043	23,029
Federal - U.S. Department of Education - Illinois State Board of Education	10,514	4,588	-
Federal - U.S. Dept. HHS - Family Violence Prevention and Services	3,452	3,398	3,817
Federal - U.S. Dept. HHS - Refugee Entrant Assistance	7,429	7,879	8,305
Federal - U.S. Dept. HHS - Child Care and Development	210,179	205,496	201,057
Federal - Migrant Head Start grant	2,788	3,002	2,720
Federal stimulus package	-	18	2,750
Other Illinois State Agency - Illinois State Board of Education	500	500	550
Private organizations	311	327	472
Total DHS Special Purposes Trust Fund	265,444	254,807	250,035
Old Age Survivors Insurance Fund - 0495			
Federal - U.S. Department of Health and Human Services	79,000	76,312	74,741
Early Intervention Services Revolving Fund - 0502			
General Revenue Fund transfer	95,911	80,404	87,942
Federal - U.S. Department of Education	16,891	16,669	17,048
Parent fees	4,119	3,710	3,139
State offset claims	18	83	4
Other Illinois state agency - Illinois Dept. of Healthcare and Family Services	54	58	30
Repayment pursuant to law	5	4	4
Total Early Intervention Services Revolving Fund	116,998	100,928	108,167
DHS Community Services Fund - 0509			
Other Illinois State Agencies - Illinois Dept. of Healthcare and Family Services and the Illinois Dept. of Aging	2,568	-	-

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2015, 2014, AND 2013
(expressed in thousands)

	2015	2014	2013
Electronic Benefits Transfer Fund - 0540			
Other Agency funds - Aid to the Aged, Blind, and Disabled (AABD)	$ 26,487	$ 25,783	$ 28,399
Other Agency funds - Temporary Assistance to Needy Families	171,944	171,865	197,041
Other Agency funds - Employability Development Services	4,307	6,594	3,726
Other Agency funds - Refugee entrants	1,653	1,607	1,878
Other Agency funds - Employment and training	9	515	169
Total Electronic Benefits Transfer Fund	204,400	206,364	231,213
Juvenile Accountability Incentive Block Grant Fund - 0581			
Federal - U.S. Department of Justice	20	3,719	-
DHS Federal Projects Fund - 0592			
Federal - U.S. Department of Health and Human Services	11,272	14,712	23,616
Federal - U.S. Department of Housing and Urban Development	2,903	-	-
Federal - U.S. Department of Justice	380	727	776
Federal - Social Security Administration	274	80	-
Federal monies via Illinois Criminal Justice Information Authority (ICJIA)	-	2	587
Federal monies via Illinois Emergency Management Agency	43	75	-
Medical Special Purpose Trust	-	-	105
State offset claims	7	-	33
Private organizations or individuals	573	62	-
Total DHS Federal Projects Fund	15,452	15,658	25,117
DHS State Projects Fund - 0642			
Other Illinois State Agency - Illinois Department of Public Health	-	-	55
Other Illinois State Agency - Illinois Criminal Justice Information Authority	-	300	1,700
Other Illinois State Agency - Illinois Violence Prevention Authority	-	-	950
Other Illinois State Agency - Capital Development Board	-	-	500
Other Illinois State Agency - Illinois Department on Aging	-	-	239
Other Illinois State Agency - Illinois Dept. of Children and Family Services	-	-	79
Other Illinois State Agency - Illinois Dept. of Healthcare and Family Services	-	-	850
Other Illinois State Agency - Illinois Dept. of Commerce and Economic Opportunity	-	6,852	-
Other Illinois State Agency - Illinois Department of Labor	6,500	-	-
Total DHS State Projects Fund	6,500	7,152	4,373
Alcoholism and Substance Abuse Fund - 0646			
Federal - U.S. Department of Health and Human Services	6,655	6,318	5,492
Federal - U.S. Department of Justice	38	21	331
Other Illinois State Agency - Illinois Department of Revenue	14	14	14
Private organizations or individuals	135	101	203
State offset claims	-	-	13
Total Alcoholism and Substance Abuse Fund	6,842	6,454	6,053
DHS Private Resources Fund - 0690			
Private organizations or individuals	145	371	294
U.S.D.A. Women Infants and Children Fund - 0700			
Federal - U.S. Department of Agriculture	215,500	199,683	227,115
Women Infants and Children (WIC) program income and fees	-	2	-
WIC program vendors	55	5	9
Federal stimulus package	-	1,516	2,371
Infant formula rebates	73,251	75,701	71,992
State offset claims	-	1	-
Total U.S.D.A. Women Infants and Children Fund	288,806	276,908	301,487

(Continued)

STATE OF ILLINOIS **Schedule 5**
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
FOR THE YEARS ENDED JUNE 30, 2015, 2014, AND 2013
(expressed in thousands)

	2015	2014	2013
Rehabilitation Services Elementary and Secondary Education Act Fund - 0798			
Federal - U.S. Department of Agriculture - Illinois State Board of Education	$ 197	$ 190	$ 228
Federal - U.S. Department of Education - Illinois State Board of Education	180	253	225
Local governments - School district	204	163	138
Private organizations or individuals	13	13	-
Other Illinois State Agency - Illinois State Board of Education	80	77	84
Miscellaneous	-	7	22
Total Rehabilitation Services Elementary and Secondary Education Act Fund	674	703	697
Farmer's Market Technology Improvement Fund - 0864			
Federal - U.S. Department of Agriculture - Food Nutrition Services	2	25	6
Maternal and Child Health Services Block Grant Fund - 0872			
Federal - U.S. Department of Health and Human Services Block Grant	5,707	9,016	19,032
State offset claims	22	4	-
Total Maternal and Child Health Services Block Grant Fund	5,729	9,020	19,032
Community Mental Health Services Block Grant Fund - 0876			
Federal - U.S. Department of Health and Human Services Block Grant	15,092	17,474	16,239
State offset claims	-	125	-
Total Community Mental Health Services Block Grant Fund	15,092	17,599	16,239
Youth Drug Abuse Prevention Fund - 0910			
Fines, penalties or violations	387	404	383
Juvenile Justice Trust Fund - 0911			
Federal - U.S. Department of Justice	2,464	2,071	2,191
DHS Recoveries Trust Fund - 0921			
IRS collections non-public assistance clients	4,493	3,886	3,292
Recipient collection - administrative support	643	813	590
Recipient collection - excess assistance	4,499	3,666	3,461
Recipient collection - food stamps	3,708	2,622	2,098
Non-medical	437	462	534
State offset claims	673	787	227
Federal - U.S. Dept. of Health and Human Services - Supplemental Security Income Interim Assistance	1,141	1,100	1,402
Federal - Indirect cost reimbursements	79	-	-
Total DHS Recoveries Trust Fund	15,673	13,336	11,604
Social Services Block Grant Fund - 0935			
Federal - U.S. Dept. of Health and Human Services - Title XX Block Grant	63,980	63,933	68,148
Federal - Temporary Assistance to Needy Families Grant	1,200	1,200	1,200
Total Social Services Block Grant Fund	65,180	65,133	69,348
Total Receipts Per Department Records	$ 2,027,437	$ 1,986,334	$ 2,058,172

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(expressed in thousands)

Schedule 6

	General Revenue Fund - 0001	Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund - 0013	Group Home Loan Revolving Fund - 0025	Mental Health Fund - 0050	Vocational Rehabilitation Fund - 0081	Hansen-Therkelsen Memorial Deaf Student College Fund - 0123
TOTAL 2015 RECEIPTS PER DEPARTMENT RECORDS	$ 109,451	$ 66,072	$ 26	$ 27,883	$ 134,715	$ 2
Deposits in transit, beginning of period	39	-	1	1,547	5	-
Deposits in transit, end of period	(18)	-	-	(2,717)	-	-
Adjustments to be made to Department records - miscellaneous	(25)	-	-	2,054	(5)	-
TOTAL 2015 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 109,447	$ 66,072	$ 27	$ 28,767	$ 134,715	$ 2
TOTAL 2014 RECEIPTS PER DEPARTMENT RECORDS	$ 99,763	$ 65,479	$ 19	$ 30,077	$ 138,415	$ 1
Deposits in transit, beginning of period	331	-	-	1,602	-	-
Deposits in transit, end of period	(39)	-	(1)	(1,547)	(5)	-
Adjustments to be made to Department records - miscellaneous	7	-	-	3,194	11	-
TOTAL 2014 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 100,062	$ 65,479	$ 18	$ 33,326	$ 138,421	$ 1

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(expressed in thousands)

	DHS Technology Initiative Fund - 0211	DCFS Children's Services Fund - 0220	Income Tax Refund Fund - 0278	Federal National Community Services Fund - 0343	Employment and Training Fund - 0347
TOTAL 2015 RECEIPTS PER DEPARTMENT RECORDS	$ 8,031	$ 68,800	$ 42,661	$ 767	$ 477,653
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2015 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 8,031	$ 68,800	$ 42,661	$ 767	$ 477,653
TOTAL 2014 RECEIPTS PER DEPARTMENT RECORDS	$ 5,134	$ 68,800	$ 42,752	$ 7,118	$ 471,812
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2014 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 5,134	$ 68,800	$ 42,752	$ 7,118	$ 471,812

(Continued)

Schedule 6

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(expressed in thousands)

	DHS Special Purposes Trust Fund - 0408	Old Age Survivors Insurance Fund - 0495	Early Intervention Services Revolving Fund - 0502	DHS Community Services Fund - 0509	Electronic Benefits Transfer Fund - 0540
TOTAL 2015 RECEIPTS PER DEPARTMENT RECORDS	$ 265,444	$ 79,000	$ 116,998	$ 2,568	$ 204,400
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	249	-	-
TOTAL 2015 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 265,444	$ 79,000	$ 117,247	$ 2,568	$ 204,400
TOTAL 2014 RECEIPTS PER DEPARTMENT RECORDS	$ 254,807	$ 76,312	$ 100,928	$ -	$ 206,364
Deposits in transit, beginning of period	-	-	3	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	27		265	-	-
TOTAL 2014 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 254,834	$ 76,312	$ 101,196	$ -	$ 206,364

(Continued)

Schedule 6

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(expressed in thousands)

	Juvenile Accountability Incentive Block Grant Fund - 0581	DHS Federal Projects Fund - 0592	DHS State Projects Fund - 0642	Alcoholism and Substance Abuse Fund - 0646	DHS Private Resources Fund - 0690
TOTAL 2015 RECEIPTS PER DEPARTMENT RECORDS	$ 20	$ 15,452	$ 6,500	$ 6,842	$ 145
Deposits in transit, beginning of period	-	-	-	-	-
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2015 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 20	$ 15,452	$ 6,500	$ 6,842	$ 145
TOTAL 2014 RECEIPTS PER DEPARTMENT RECORDS	$ 3,719	$ 15,658	$ 7,152	$ 6,454	$ 371
Deposits in transit, beginning of period	-	-	-	11	13
Deposits in transit, end of period	-	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	23	-	(18)	(13)
TOTAL 2014 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 3,719	$ 15,681	$ 7,152	$ 6,447	$ 371

(Continued)

Schedule 6

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(expressed in thousands)

	U.S.D.A. Women Infants and Children Fund - 0700	Rehabilitation Services Elementary and Secondary Education Act Fund - 0798	Farmer's Market Technology Improvement Fund - 0864	Maternal and Child Health Services Block Grant Fund - 0872	Community Mental Health Services Block Grant Fund - 0876
TOTAL 2015 RECEIPTS PER DEPARTMENT RECORDS	$ 288,806	$ 674	$ 2	$ 5,729	$ 15,092
Deposits in transit, beginning of period	2	-	-	-	-
Deposits in transit, end of period	-	(16)	-	-	-
Adjustments to be made to Department records - miscellaneous	-	-	-	-	-
TOTAL 2015 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 288,808	$ 658	$ 2	$ 5,729	$ 15,092
TOTAL 2014 RECEIPTS PER DEPARTMENT RECORDS	$ 276,908	$ 703	$ 25	$ 9,020	$ 17,599
Deposits in transit, beginning of period	-	33	-	-	-
Deposits in transit, end of period	(2)	-	-	-	-
Adjustments to be made to Department records - miscellaneous	-	6	-	-	-
TOTAL 2014 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 276,906	$ 742	$ 25	$ 9,020	$ 17,599

(Continued)

Schedule 6

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(expressed in thousands)

	Youth Drug Abuse Prevention Fund - 0910	Juvenile Justice Trust Fund - 0911	DHS Recoveries Trust Fund - 0921	Social Services Block Grant Fund - 0935	Total All Funds
TOTAL 2015 RECEIPTS PER DEPARTMENT RECORDS	$ 387	$ 2,464	$ 15,673	$ 65,180	$ 2,027,437
Deposits in transit, beginning of period	1	-	148	-	1,743
Deposits in transit, end of period	(10)	-	(840)	-	(3,601)
Adjustments to be made to Department records - miscellaneous	-	-	38	-	2,311
TOTAL 2015 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 378	$ 2,464	$ 15,019	$ 65,180	$ 2,027,890
TOTAL 2014 RECEIPTS PER DEPARTMENT RECORDS	$ 404	$ 2,071	$ 13,336	$ 65,133	$ 1,986,334
Deposits in transit, beginning of period	19	-	930	-	2,942
Deposits in transit, end of period	(1)	-	(148)	-	(1,743)
Adjustments to be made to Department records - miscellaneous	1	-	24	-	3,527
TOTAL 2014 DEPOSITS RECORDED BY STATE COMPTROLLER	$ 423	$ 2,071	$ 14,142	$ 65,133	$ 1,991,060

(Concluded)

Schedule 7

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS) - LOCALLY HELD FUNDS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
DHS Other Special Trusts Fund - 1139		
Beginning Balance	$ 1,489,000	$ 1,622,172
Receipts	556,647	603,442
Disbursements	(714,093)	(736,614)
Ending Balance	$ 1,331,554	$ 1,489,000
DHS Commissary Funds Fund - 1140		
Beginning Balance	$ 8,728	$ 8,774
Receipts	49,688	46,432
Disbursements	(48,492)	(46,478)
Ending Balance	$ 9,924	$ 8,728
DHS Resident's Trust Fund - 1143		
Beginning Balance	$ 2,343,446	$ 2,268,525
Receipts	15,386,095	15,593,699
Disbursements	(15,581,716)	(15,518,778)
Ending Balance	$ 2,147,825	$ 2,343,446
DHS Rehabilitation Fund - 1144		
Beginning Balance	$ 34,992	$ 47,471
Receipts	210,945	241,151
Disbursements	(198,866)	(253,630)
Ending Balance	$ 47,071	$ 34,992
DHS/DORS Agency Fund - 1147		
Beginning Balance	$ (48)	$ 9,493
Receipts	224,466	220,706
Disbursements	(235,262)	(230,247)
Ending Balance	$ (10,844)	$ (48)
DHS/DORS Special Revenue Fund - 1149		
Beginning Balance	$ 214,691	$ 238,076
Receipts	317,970	325,072
Disbursements	(324,679)	(348,457)
Ending Balance	$ 207,982	$ 214,691
DHS/DORS Permanent Trust Fund - 1150		
Beginning Balance	$ 413,728	$ 416,280
Receipts	25,315	35,285
Disbursements	(30,150)	(37,837)
Ending Balance	$ 408,893	$ 413,728

(Continued)

Schedule 7

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS) - LOCALLY HELD FUNDS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
Living Skills Program Fund - 1214		
Beginning Balance	$ 23,749	$ 31,124
Receipts	113,695	106,941
Disbursements	(108,536)	(114,316)
Ending Balance	$ 28,908	$ 23,749
Food Stamp and Commodity Fund - 1245		
Beginning Balance	$ -	$ -
Receipts	3,314,725,810	3,236,584,276
Disbursements	(3,314,725,810)	(3,236,584,276)
Ending Balance	$ -	$ -
Patient's Travel Trust Fund - 1247		
Beginning Balance	$ 22,278	$ 30,796
Receipts	97,648	74,077
Disbursements	(90,604)	(82,595)
Ending Balance	$ 29,322	$ 22,278
Women Infant and Children Redemption Fund - 1271		
Beginning Balance	$ 4,635,426	$ 2,129,256
Receipts	163,862,143	169,116,758
Disbursements	(163,551,771)	(166,610,588)
Ending Balance	$ 4,945,798	$ 4,635,426
Burr Request Fund - 1272		
Beginning Balance	$ 1,014,020	$ 1,020,036
Receipts	35	228
Disbursements	(10,547)	(6,244)
Ending Balance	$ 1,003,508	$ 1,014,020
Vending Facility Program for the Blind Fund - 1385		
Beginning Balance	$ 236,532	$ 214,034
Receipts	1,421,735	1,348,575
Disbursements	(1,482,133)	(1,326,077)
Ending Balance	$ 176,134	$ 236,532

(Concluded)

Note: This schedule is presented on the cash basis of accounting.

STATE OF ILLINOIS **Schedule 8**
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIANCES IN EXPENDITURES
FOR THE TWO YEARS ENDED JUNE 30, 2015

Schedules 1 and 2, Schedule of Appropriations, Expenditures and Lapsed Balances, present information by fund and division within fund for the fiscal years ended June 30, 2015 and 2014. Schedule 3, Comparative Schedule of Expenditures by Object, compares expenditures for the Department by object code for both appropriated funds and nonappropriated funds. The Illinois Department of Human Services' (Department) explanations for significant fluctuations in expenditures greater than $2,000,000 and 15% of total expenditures in that category as presented in Schedule 3 are detailed below.

Fiscal Year 2015 compared to Fiscal Year 2014

Equipment

Expenditures for equipment decreased from 2014 to 2015 due to a one-time purchase of furniture and mail room equipment. Also, 2014 included purchases of buses and vehicles for State operated facilities and State operated developmental centers.

Telecommunications

Expenditures for telecommunications were higher in 2014 than 2015 due to a 2014 Agency-wide initiative to pay delinquent telecommunications bills. Also, in 2014, a one-time purchase of telecommunication equipment was made.

Grants to Other State Agencies

Expenditures for grants to other State agencies increased from 2014 to 2015 due to a $5 million payment to the Illinois Criminal Justice Information Authority and a $4.7 million payment to the Illinois Department of Public Health in 2015.

Permanent Improvements, Lump Sums and Other Purposes

Expenditures for permanent improvements, lump sums and other purposes was higher in 2014 compared to 2015 due to a kitchen that was built at the Ludeman Developmental Center in 2014. This was a one-time project.

(Continued)

Fiscal Year 2014 compared to Fiscal Year 2013

Employer Contributions for Group Insurance

2013 Group Insurance expenditures were $28,826,241.88. Average census for state and federal funds for Fy13 was 1,286.2; an average cost per person was $22,411.94. 2014 Group Insurance expenditures were $24,161,915.76. Average census for state and federal funds for Fy14 was 1,180.2; an average cost per person was $20,472.73. The difference in FTEs was 106; the difference in dollar amounts is $1,939.21 average per person. Amounts per person will vary year to year based on factors such as the number of covered dependents.

Telecommunications

Expenditures for telecommunications were higher in 2014 than 2013 due to a 2014 Agency-wide initiative to pay delinquent telecommunications bills. Also, in 2014, a one-time purchase of telecommunication equipment was made.

Grants to Other State Agencies

Expenditures for grants to other State agencies decreased from 2013 to 2014. The Department attributed the decrease to a $6 million payment to the University of Illinois for specialized care for children during fiscal year 2013. This appropriation was moved from the Department of Human Services to the Department of Public Health in fiscal year 2014.

Permanent Improvements, Lump Sums and Other Purposes

Expenditures for permanent improvements, lump sums and other purposes was higher in 2014 compared to 2013 due to a kitchen that was built at the Ludeman Developmental Center in 2014. This was a one-time project.

Non-Appropriated Expenditures

Non-appropriated expenditures decreased from 2013 to 2014. The decrease pertains to a $20 million payment in the CMS vs. AFSCME Wages Trust Fund (Fund 168) for back wages, an $8.4 million payment for SNAP education, a $2.6 million payment for ARRA Early Learning Council, and an increase of expenditures of $7.3 million in the Electronic Benefits Transfer Fund (Fund 540) due to an increase in caseloads.

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT VARIANCES IN RECEIPTS
FOR THE TWO YEARS ENDED JUNE 30, 2015

A summary of cash receipts by fund by source is presented in Schedule 5, Comparative Schedule of Cash Receipts. The Illinois Department of Human Services' (Department) explanations for significant fluctuations in cash receipts greater than $2,000,000 and 15% of total receipts by type of receipt in each fund as presented in Schedule 5 are detailed below.

Fiscal Year 2015 compared to Fiscal Year 2014

Mental Health Fund (0050)

Receipts for the Other Illinois State Agencies and local units decreased from fiscal year 2014 to fiscal year 2015 due to timing of receiving billing payments from other agencies.

Vocational Rehabilitation Fund (0081)

Receipts for the General Fund Revenue Fund Transfers decreased from fiscal year 2014 to fiscal year 2015 due to an indirect cost reimbursement. This transfer did not occur in fiscal year.

DHS Technology Initiative Fund (0211)

Other Illinois State Agencies - the Framework Program was established in fiscal year 2014 by Public Act 98-0027. The Fund was established in September 2013 resulting in partial collections during fiscal year 2014. Receipts for the Program increased during fiscal year 2015 due to a full year of collections.

Federal National Community Services Fund (0343)

Receipts for the Federal National Community Services Fund decreased from fiscal year 2014 to fiscal year 2015. Effective July 1, 2014, all grants previously deposited into Fund 0343 were transferred to the Illinois Department of Public Health.

Employment and Training Fund (0347)

Receipts for the Employment and Training Fund increased from fiscal year 2014 to fiscal year 2015. In fiscal year 2014, the Department did not receive any American Recovery and Reinvestment Act (ARRA) awards.

(Continued)

Fiscal Year 2015 compared to Fiscal Year 2014 (Continued)

DHS Special Purpose Trust Fund (0408)

Receipts for the Federal – U.S. Department of Education – Illinois State Board of Education increased due to the Race to the Top grant that was new in fiscal year 2014 which resulted in partial year collections during fiscal year 2014. Receipts increased during fiscal year 2015 due to a full year of collections.

Early Intervention Services Revolving Fund (0502)

Receipts for the General Fund Revenue Transfer increased from fiscal year 2014 to fiscal year 2015 due to a portion of the fiscal year 2014 GRF appropriation was not received until fiscal year 2015.

DHS Community Services Fund (0509)

Receipts for the Other Illinois State Agencies increased from fiscal year 2014 to fiscal year 2015 due to reimbursement from the Department of Aging and Healthcare/Family Services for the Colbert Consent Decree.

Electronic Benefits Transfers Fund (0540)

Receipts for the Other Agency funds – Employability Development Services decreased from fiscal year 2014 to fiscal year 2015 due to fewer services during fiscal year 2015.

Juvenile Accountability Incentive Block Grant Fund (0581)

Receipts for the Federal – U.S. Department of Justice increased due to a new grant in fiscal year 2014 - Juvenile Accountability Incentive Block Grant. Receipts for fiscal year 2015 decreased as this grant award was not received in fiscal year 2015.

DHS Federal Projects Fund (0592)

Receipts for the Federal – U.S. Department of Health and Human Services decreased from fiscal year 2014 to fiscal year 2015 due to the Systems Interoperability and Healthy Start Initiative grants ending during fiscal year 2014. The Federal – U.S. Department of Housing and Urban Development grant (Emergency Solutions Grant) was new in fiscal year 2015.

(Continued)

<u>Fiscal Year 2015 compared to Fiscal Year 2014 (Continued)</u>

DHS State Projects Fund (0642)

Receipts for the Other Illinois State Agency – Illinois Department of Commerce and Economic Opportunity (IDCEO) decreased during fiscal year 2015 from 2014 amounts because the Summer Youth Jobs Program funded by IDCEO was renamed the Youth Employment Program and funded by the Department of Labor. The grant amount did not change significantly between 2014 and 2015, however it is reported in a different account.

Maternal and Child Health Services Block Grant Fund (0872)

During fiscal year 2015, the draws continued to decrease due to the number of grant programs and timing of the draws. During fiscal year 2014, there were four grants that had draws of which one pertained to grant program year 2012, two grants that had draws pertaining to grant program year 2013, and one grant that had draws pertaining to 2014. During fiscal year 2015, there were only two grants that had draws of which one pertained to grant program year 2014 and the other pertained to grant program year 2015.

<u>Fiscal Year 2014 compared to Fiscal Year 2013</u>

General Revenue Fund (0001)

Receipts for the Child Care Development Block Grant (CCDBG) decreased from fiscal year 2013 to fiscal year 2014. During fiscal year 2014, the Child Care Services appropriation authority in Fund 408 was increased from previous years; therefore the Federal CCDBG Mandatory Funds were deposited into Fund 408 rather than the General Revenue Fund 001.

Mental Health Fund (0050)

Receipts for the patient care reimbursements and miscellaneous collections were higher during fiscal year 2013 than 2014 due to fiscal year 2013 including catch up billing from fiscal year 2012.

Receipts for the Other Illinois State Agencies and local units increased from fiscal year 2013 to fiscal year 2014 due to several factors: there was a rate increase for mailings, print shop impressions increased by 4 million impressions and various fiscal year 2013 billings were not paid until fiscal year 2014.

(Continued)

Fiscal Year 2014 compared to Fiscal Year 2013 (Continued)

Vocational Rehabilitation Fund (0081)

Federal – indirect cost reimbursements receipts increased from fiscal year 2013 to fiscal year 2014. Due to staff turnover, the indirect cost billings were not done in fiscal year 2013. The billings were caught up in fiscal year 2014 so the fiscal year 2014 amounts included both fiscal year 2013 and fiscal year 2014 collections.

Receipts for the General Fund Revenue Fund Transfers increased during fiscal year 2014 due to an indirect cost reimbursement. This transfer did not occur in fiscal year 2013.

CMS vs. AFSCME Wages Trust Fund (168)

CMS vs. AFSCME Wages Trust Fund (168) was used in fiscal year 2013 for the AFSCME fiscal year 2012 back wages per a court order. There was no activity in fiscal year 2014.

DHS Technology Initiative Fund (0211)

Other Illinois State Agencies - the Framework Program was established in fiscal year 2014 by Public Act 98-0027. The Fund was established in September 2013 resulting in partial collections during fiscal year 2014.

Income Tax Refund Fund (0278)

Receipts for the Federal – Temporary Assistance to Needy Families grant increased from fiscal year 2013 to fiscal year 2014 due to the statutorily-mandated increase in the Earned Income Tax Credit from 7.5% to 10%.

DHS Special Purpose Trust Fund (0408)

Receipts for the Federal – U.S. Department of Education – Illinois State Board of Education increased due to the Race to the Top grant that was new in fiscal year 2014 which resulted in partial year collections during fiscal year 2014.

Receipts for the Federal – U.S. Department of Education – stimulus package decreased from fiscal year 2013 to fiscal year 2014 due to ARRA grants ending.

(Continued)

Fiscal Year 2014 compared to Fiscal Year 2013 (Continued)

Electronic Benefits Transfers Fund (0540)

Receipts for the Other Agency funds – Employability Development Services increased from fiscal year 2013 to fiscal year 2014 due to the LINK card employment development and training services during fiscal year 2014.

Juvenile Accountability Incentive Block Grant Fund (0581)

Receipts for the Federal – U.S. Department of Justice increased due to a new grant in fiscal year 2014 - Juvenile Accountability Incentive Block Grant.

DHS Federal Projects Fund (0592)

Receipts for the Federal – U.S. Department of Health and Human Services – the Title X Family Planning grant decreased from fiscal year 2013 to fiscal year 2014 due to the transfer of these funds to the Illinois Department of Public Health (IDPH), effective July 1, 2013. This grant ran according to a calendar year (January-December) so DHS did not receive one-half year funding. In addition, the CISS-SECCS & Healthy Behaviors in Women awards ended May 31, 2013.

DHS State Projects Fund (0642)

Receipts for the Other Illinois State Agency – Illinois Department of Commerce and Economic Opportunity (IDCEO) increased during fiscal year 2014 from 2013 amounts due to an increase in deposits from IDCEO for a Summer Youth Jobs Program administered by DHS in fiscal year 2014.

Maternal and Child Health Services Block Grant Fund (0872)

Receipts for the Federal – U.S. Department of Health and Human Services Block Grant decreased from fiscal year 2013 to fiscal year 2014 due to the IDPH taking over the Maternal and Child Health Services Block Grant, effective July 1, 2013. DHS continued to draw on these funds until November 2013 when IDPH was granted access to the federal draw system. Since November 2013, only DHS's portion of the draws were reflected on CARS while the majority of the grant funds are retained by IDPH. During fiscal year 2014, there were four grants that had draws of which one pertained to grant program year 2012, two grants that had draws pertaining to grant program year 2013, and one grant that had draws pertaining to 2014.

(Concluded)

STATE OF ILLINOIS **Schedule 10**

DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Expressed in thousands)

The Illinois Department of Human Services' (Department) explanation for significant lapse period spending as presented in Schedules 1 and 2 are detailed below. For the purposes of this analysis, significant lapse period spending is defined as $2,000 and 10% or more of the total fund expenditures for the respective fiscal year.

Fiscal Year 2015

Prevention and Treatment of Alcoholism and Substances Abuse Block Grant Fund (0013)

Lapse period spending totaled $6,398 or 10% of the total expenditures for fiscal year 2015. The spending for this fund related to the Block Grant for Prevention and Treatment of Substance Abuse. This spending consists of payments to providers and is dependent on the timing of year-end billings.

Home Services Medicaid Trust Fund (0120)

Lapse period spending totaled $26,258 or 11% of the total expenditures for fiscal year 2015. Lapse period expenditures related to Home Services Program personal assistant payroll, and consists of payments to home service personnel and is dependent on the timing of year-end payroll.

Care Provider Fund for Persons with a Developmental Disability (0344)

Lapse period spending totaled $5,581 or 16% of the total expenditures for fiscal year 2015. The lapse period payments were due to the timing of the last deposit by the Department of Healthcare and Family Services at the end of June resulting in vouchers not being processed until July lapse.

DHS Federal Projects Fund (0592)

Appropriated lapse period spending totaled $3,156 or 20% of the total expenditures for fiscal year 2015. The majority of the lapse period spending for this fund related to Emergency Solutions Grant Program which started in fiscal year 2015.

Non-appropriated lapse period spending totaled $539 or 50% of the non-appropriated portion's total spending for fiscal year 2015. The lapse period spending related to the Bridge to Pathway grant. The expenditures consist of payments and is dependent on the timing of year-end billings.

(Continued)

Fiscal Year 2015 (Continued)

Local Initiative Fund (0762)

Lapse period spending totaled $2,881 or 15% of the total expenditures for fiscal year 2015. The Social Services Block Grant activity is reported in this fund and providers submit the May and June billings during July and August.

DHS Recoveries Trust Fund (0921)

Lapse period spending out of the non-appropriated portion of the DHS Recoveries Trust Fund totaled $1,128 or 24% of the non-appropriated portion's total spending for fiscal year 2015. The lapse spending is related to the old Aid to Families with Dependent Children (AFDC) Program that had a Federal Match. Since AFDC no longer exists and was replaced by Temporary Assistance for Needy Families (TANF), the State is still required to reimburse the federal government for any dollars collected on the old remaining AFDC claims. Each quarter a calculation is completed to determine the amount to be vouchered from Fund 921 to pay the federal government for collections that occurred on old AFDC claims. The amount paid in lapse is the fourth quarter payment.

Fiscal Year 2014

General Revenue Fund (0001)

Lapse period spending totaled $319,994 or 10% of the total expenditures for fiscal year 2014. The Department paid for services incurred prior to June 30, 2014 with the majority of the payments to providers for various DHS operational expenditures.

Prevention and Treatment of Alcoholism and Substance Abuse Fund (0013)

Lapse period spending totaled $8,772 or 13% of the total expenditures for fiscal year 2014. The spending for this fund related to the Home Services Program Assistant payroll for the end of the fiscal year. This spending consists of payments to providers and is dependent on the timing of year-end billings.

Home Services Medicaid Trust Fund (0120)

Lapse period spending totaled $22,786 or 10% of the total expenditures for fiscal year 2014. Lapse period expenditures related to Home Services Program personal assistant payroll, and consists of payments to home service personnel and is dependent on the timing of year-end payroll.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (Continued)
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Expressed in thousands)

Fiscal Year 2014 (Continued)

Early Intervention Services Revolving Fund (0502)

Lapse period spending totaled $21,587 or 14% of the total expenditures for fiscal year 2014. The lapse period payments were due to timing of payments to providers. Providers have a deadline to submit remaining fiscal year billings during the lapse period.

Local Initiative Fund (0762)

Lapse period spending totaled $3,177 or 16% of the total expenditures for fiscal year 2014. The Social Services Block Grant activity is reported in this fund and providers submit the May and June billings during July and August.

(Concluded)

Schedule 11

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
ANALYSIS OF ACCOUNTS RECEIVABLE
FOR THE TWO YEARS ENDED JUNE 30, 2015

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. Department of Health and Human Services, Education, 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 $352,690 and $365,442 (expressed in thousands) for fiscal years 2015 and 2014, respectively. Loans and notes receivable, net, include an allowance for uncollectibles of $0 and $2 (expressed in thousands) for fiscal years 2015 and 2014, 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, 2015 and 2014, respectively.

		Total June 30, 2015		Total June 30, 2014
Taxes Receivable, net	$	52,120	$	198
Due from other governments - federal		188,074		189,923
Due from other governments - local		415		351
Other receivables, net		163,090		161,580
Due from other State funds		69,391		5,383
Due from component units		225		298
Loans and notes receivable, net		378		390
Totals	$	473,693	$	358,123

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
ANALYSIS OF OPERATIONS
DEPARTMENT FUNCTIONS AND PLANNING PROGRAM
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

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 Designate for the Department of Human Services is James T. Dimas.

The Department's mission is carried out through the following divisions: Administrative Services, Community Health and Prevention, Disability and Behavioral Health Services, and Family and Community Services. The Department is the largest agency in the State with a headcount of 13,806 for the period ending June 30, 2015.

Note: Much of the following information was taken directly from the Department's strategic planning document for fiscal years 2012 through 2015. The names for certain divisions and offices within this document could differ from the ones utilized in the subsequent Schedule of Number of Employees, and throughout this report, due to ongoing reorganization and streamlining efforts by the Department.

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 2015. 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.

(Continued)

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 five priorities. The Department's Executive Leadership Team selected the priorities based upon the broad crosscutting nature of each and criticality to mission attainment. The following are the Department's Strategic Planning Priorities for fiscal years 2012-2015:

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 and Service Integration
Devise and implement best business practices that maximize and expand the State's resources; and implement cross cutting processes that enhance achievement of the agency's core mission and provide seamless integrated services for individuals, families and communities.

(Continued)

Executive Offices

Office of the Secretary

The Office of the Secretary is responsible for all duties and responsibilities regarding all aspects of the Department's programs and services related to the four program divisions, special programs and operations. The executive level communication, decision making and daily operations of the Department are housed in the Office of the Secretary. The following administrative units report directly to the Office of the Secretary and receive direction and guidance from the Chief of Staff: Office of Communications, Grants, Hispanic/Latino Affairs, Human Resources, Inspector General, Internal Audit, Legal Counsel, Legislation, Security and Emergency Preparedness, Civil Affairs, Labor Relations and Strategic Planning and Performance.

Office of Human Resources

The Office of Human Resources (OHR) functions include: Employee Services – responsible for personnel transactions and leave administration; Payroll and Benefits – responsible for the Department's payroll processing, insurance, deferred compensation, Family & Medical Leave Act (FMLA), Victims' Economic Security and Safety Act (VESSA), retirement and compensation issues as well as payroll processing for five other state agencies (Department of Children and Family Services (DCFS), Department of Veterans Affairs (DVA), Department of Corrections (DOC), Department of Juvenile Justice (DJJ), Department of Natural Resources (DNR) Recruitment and Selection – responsible for recruiting, interviewing and selecting qualified candidates to fill the Department's vacancies; Training and Support Services – responsible for administration of professional development training, employee assistance, volunteer services, employee recognition, and Ethics training compliance.

Office of Communications

The Office of Communications is charged with outreach to several audiences: staff members, more than 1,700 contracted providers, advocates, trade associations, the business community, legislators, media and the Department's 2.5 million customers. The Office's mission is to promote public awareness and use of the Department's programs and services, and to work with Department divisions to foster relationships of goodwill with Department staff, external partners, customers, and elected officials.

(Continued)

Office of the General Counsel

The Office of the General Counsel (OGC) is subdivided into several areas. The structure of the OGC, where possible, mirrors the organizational structure of the Department and includes representation as "in-house" counsel to the programmatic and administrative areas. Responsibilities for the Freedom of Information Act (FOIA) Officer, the Ethics Officer, and the Privacy Officer for the Department are also housed within the OGC.

Administrative Hearing and Rules consist of three Bureaus: the Bureau of Assistance Hearing, the Bureau of Administrative Hearings and the Bureau of Administrative Rules. The two Hearings Bureaus are responsible for maintaining a system of administrative appeals to ensure the Department's compliance with the administrative hearings provisions of the Illinois Administrative Procedure Act. These hearings pertain to all Department program areas, including public assistance, and services for mental health, developmental disabilities, rehabilitation and alcohol and substance abuse. The Bureau of Administrative Rules is responsible for maintaining the Department's compliance with the administrative rulemaking provisions of the Illinois Administrative Procedures Act. It works with the program areas to propose, amend and repeal administrative rules as necessary to properly implement all Department programs. It also works closely with staff of the Joint Committee on Administrative Rules (JCAR) to ensure conformance to its policies and procedures.

The *Bureau of Policy and the Bureau of Civil Affairs* is also part of the OGC. The Bureau of Civil Affairs strives to create an environment free from discrimination and harassment for both Department employees and its customers. Through its investigations, the Bureau ensures adherence to Federal and State non- discrimination and anti-harassment laws. The Bureau is also responsible for compiling the Department's annual Affirmative Action Plan for the Illinois Department of Human Rights as well as ensuring that all Department hires and promotions meet the guidelines enumerated in both Federal and State laws. The Bureau also provides technical assistance to Department staff and provides leadership to the Department's Recruitment, Hiring and Discipline Committee to ensure compliance with laws regarding discrimination and harassment.

The *Bureau of Policy* assists in the development of Administrative Directives and Program Directives by working with staff from all parts of the Department. The Bureau oversees the drafting of the Directives and coordinates their review and approval.

(Continued)

Office of Contract Management

The Office of Contract Management (OCM) reports to the Chief Operating Officer and is responsible for the process from the execution of a fully approved Procurement Business Case (PBC) until there is a timely approved contract with all necessary exhibits and attachments. OCM's primary responsibilities include reviewing high-value contracts, as well as Requests for Proposal (RFPs), Invitations for Bid (IFBs) and related documents to ensure compliance with best practices and legal requirements. OCM is also responsible for contract negotiation/renegotiation to protect stakeholder interests and maximize cost savings. OCM administers the Central Repository Vault (CRV), a multi-agency portal for providers to upload and store required documentation. In addition, OCM oversees the Department's Business Enterprise Program (BEP), which promotes the economic development of businesses owned by minorities, women, and persons with disabilities.

Office of Equal Employment Opportunity Officer and Affirmative Action Officer

The Equal Employment Opportunity and Affirmative Action Officer (EEO/AA Officer) serves as the confidential advisor to the agency on matters relating to its affirmative action and equal employment practices and policies. Additionally, the EEO/AA Officer chairs the Recruitment Hiring and Discipline Committee, which meets monthly to discuss, strategize and plan the goals and objectives of the agency's affirmative action plan and equal employment opportunity performance. The EEO/AA Officer also serves as a monitor of Department wide hiring and employment practices to ensure accordance with State and Federal laws, executive orders and court decisions. The Chief EEO/AA Officer serves as the Department's liaison to the Illinois Department of Human Rights, the Department's affirmative action and equal employment opportunity monitoring agency. Additionally, the EEO/AA Officer reviews, analyzes and prepares the Department's annual Affirmative Action Plan required by the Illinois Department of Human Rights. Lastly, the EEO/AA Officer reviews and analyzes the discipline within all Department Mental Health and Developmental Disability Centers for any disparities and ensures that the Facilities and Centers are in compliance with all applicable State and Federal laws.

The Americans with Disabilities Act (ADA) program is coordinated through the *Bureau of Accessibility and Job Accommodation* (BAJA). The Bureau Chief of the Bureau of Accessibility and Job Accommodation serves as the Department's ADA/Section 504 Coordinator who monitors compliance with the Titles of the Americans with Disabilities Act (ADA) and Section 504 of the Rehabilitation Act, to investigate related grievances, and to provide information, training and technical assistance to entities on accessibility provisions.

(Continued)

Office of Grants Administration

The major functions of the Office of Grants Administration (Grants) include the timely identification and acquisition of non-General Revenue Fund funding opportunities for the expansion and enhancement of human services throughout the State of Illinois; the development and maintenance of web based technologies that support identification of funding and the dissemination of information to ensure sustainability and replication of evidence-based practices.

Grants provides technical assistance and training workshops in the critical areas of grant writing, program planning, and development to community organizations.

Office of Hispanic and Latino Affairs

The Office of Hispanic/Latino Affairs (OHLA) is largely defined by the tasks mandated in the Quinones and Perdomo consent decrees. The Department recognizes the growing Latino population in the State of Illinois and OHLA is committed to evaluating, monitoring and assisting in decision making to maintain Core Human Service plans and integrate Human Services Delivery within the State. OHLA's primary functions are to: maintain and continue building partnerships with Department units, businesses and Community and Faith Based Organizations that service the Hispanic community; translate vital documents, brochures, materials and interpret for the Latino community and LEP assistance seeking applicants by utilizing the Department's Language Bank. IFRP Partners and OHLA staff assist the Department's Office of Human Resources and Civil Affairs in the recruitment initiatives designed to provide employment information for Hispanic candidates through community outreach in the State of Illinois; and conduct an annual survey/assessment of State-wide Department service delivery offices to ensure that human service delivery access effectively serves the Limited English Proficient (LEP) customers.

Office of Inspector General

The Office of the Inspector General (OIG) assists the Department and its community partners in ensuring the health, safety, and financial condition of individuals who have mental illnesses, developmental disabilities or physical disabilities. They do this by investigating and reporting on alleged incidents of abuse, neglect and financial exploitation in Department facilities, community agency programs providing mental health or development disability services, or in private homes. OIG also conducts other related statutory responsibilities to foster humane, competent, respectful and caring treatment of persons with disabilities. This includes preventing abuse and neglect through the written response compliance and site visit processes.

(Continued)

Office of Internal Audit

The Office of Internal Audit (OIA) is mandated by 30 ILCS 10 of the Fiscal Control and Internal Auditing Act. OIA performs audits of the Department's programs and operations. Annually the two-year audit plan is updated by the Chief Internal Auditor and approved by the Department Secretary for completion during the fiscal year. The OIA promotes a proactive risk control environment based on accountability, professionalism, expertise, open communication and trust. OIA's primary objective is to provide management with information needed to effectively discharge their responsibilities. OIA reports to the Department's Secretary.

Office of Labor Relations

The Office of Labor Relations (OLR) functions include as follows: administering the grievance procedure throughout the Department, developing the collective bargaining strategies of the Department including the proposals for the Master Agreement bargaining, negotiating the Department's Supplemental Agreements with the various unions and Labor Relations Training and Contract Administration.

The Office of Labor Relations activities include Master Collective Bargaining Agreement Negotiations. The negotiation process involves all the Executive Branch agencies. The size of the Department dictates extensive resource involvement in the creation of the State's proposals and the negotiations of the Master Collective Bargaining Agreement.

Office of Legislation

Along with the Secretary, the Office of Legislation (OOL) is the primary contact between the Department and members of the Illinois General Assembly, members of the U.S. Congress and Constitutional Officers. OOL represents the Department in legislative and budgetary matters to members of the Illinois General Assembly, members of U.S. Congress and Constitutional Officers. OOL coordinates the distribution and review of all bills within the Department, establishes who will be witness in committee and represents the Department's position to the members of the Illinois General Assembly.

Office of Security and Emergency Preparedness

The Office of Security and Emergency Preparedness formalizes and centralizes the following functions: (1) Workplace Safety (2) Workplace Violence/Internal Investigations (3) Homeland Security, Agency Security, and Emergency Preparedness and Response.

(Continued)

Office of Strategic Planning and Performance Management

The Office of Strategic Planning and Performance Management (OSPPM) focuses on strategic planning for the overall Department and the successful implementation of the Statewide Budgeting for Results Initiative. OSPPM is responsible for leading and facilitating the implementation of Budgeting for Results (BFR) within the Department, which includes developing appropriate performance and outcome measures; tracking and compiling Department wide performance and outcomes measures; identifying relevant evidence based practices and strategies; and preparing required data related reports. The OSPPM director acts as the Chief Results Officer and works closely with the Governor's Office and the Office of Management and Budget (GOMB) to advance the implementation of BFR. OSPPM collaborates with other Department units to ensure performance management is incorporated into performance based contracting, quality assurance and contract monitoring, and grant proposal development. OSPPM promotes the alignment of Department projects and initiatives with the core principles of the Department. OSPPM is also the point of contact for coordinating all external research projects, including data share agreements.

<u>Operations Offices</u>

Assistant Secretary, Operations

The Chief Financial Officer, Chief Operating Officer, Chief Information Officer, Agency Procurement Officer and the Manager of the Office of Clinical, Administrative and Program Support report directly to the Assistant Secretary of Operations. The Assistant Secretary of Operations has oversight for the Offices of Accessibility and Customer Support, Budget, Contract Management, Contract Obligations, Security and Emergency Preparedness, Fiscal Services and Business Services through direct reports. Offices that serve the public carry with them a responsibility to apply and account for the use of public resources economically, efficiently, and effectively. Enhancing the performance of the Department is important to many stakeholders. This office has a responsibility to report on current performance and accountability, and to foster good program management to ensure effective government operations.

(Continued)

Office of Procurement

The Department's Procurement Office is responsible for the procurement of goods and services to obtain the best total cost value and quality for the Department. The Office continues to work on greater procurement process efficiencies while trying to reduce costs on the supplies and services. It oversees solicitations to reduce costs and give the Department better supplies, services and systems. The Office is also responsible for providing training and updated procurement information to Department staff. The Office serves as the point of contact for the Executive Ethics Commission, the Procurement Policy Board, the Department of Central Management Services (DCMS) and GOMB in all procurement matters.

Office of the Chief Financial Officer

The Offices of Budget, Fiscal Services and Contract Compliance report directly to the Chief Financial Officer (CFO).

MIIC Audit/Streamline Team - In addition to the responsibility of co-chairing the Management Improvement Initiative efforts along with the Assistant Secretary, Operations, the Chief Financial Officer chairs the Audit/Streamlining Team which is a sub-committee of the larger MIIC Steering Committee. The team includes the CFOs or their delegates from each of the other five State agencies as well as CFOs or financial leaders from many of the provider agencies and a variety of local government agencies who also contract with the State to provide human services. The CFO has successfully guided the collaboration to arrive at solutions to fiscal inefficiencies that were problematic for providers.

Office of the Chief Operating Officer

The Office of the Chief Operating Officer (COO) oversees the bureaus of: Business Services, Contract Management, Security and Emergency Preparedness, and Accessibility and Customer Support. The bureaus under the purview of the COO are delegated with the duties and responsibilities below:

Business Services: The Office of Business Services (OBS) serves as the Department's primary operations arm, outside of the State-operated facilities. In this role, OBS provides help and assistance in a variety of ways intended to assist the various divisions within the Department in their efforts to be efficient and effective. OBS includes: Mailroom; Print Shop; Chicago/Springfield Warehouse; Commodities Purchasing; Property Control; Fleet Management/Car Pool; Travel Guidance; Facilities Management; Move Coordination.

(Continued)

OBS is responsible for the day-to-day business transactions of the Department in the following areas: facility contracts and procurement, central office procurement, travel coordination, forms design, facility operations, Springfield/Chicago warehouse, print shop, mail processing, records storage, and inventory control. Pursuant to the Intergovernmental Cooperation Act, 5 ILCS 220/1 et seq., the OBS acquired staff and print shop equipment from the following agencies: Department of Commerce and Economic Opportunity, Department of Healthcare and Family Services, Department of Public Health, Illinois Department of Agriculture, Environmental Protection Agency, and Department of Children and Family Services.

Contract Management: The Office of Contract Management (OCM) is responsible for assisting program areas in preparing contracts and reviewing Community Service Enterprise Program (CSEP) goals. OCM includes: Reviews/Renegotiating Contracts; Business Enterprise Bureau (BEP); BEP Minority Contracting Outreach; CO2 Processing; Level I Contract Approval; Contract Extensions; Minority/Women/Veterans/Small Business Tracking.

Accessibility and Customer Support: The Office of Accessibility and Customer Support (OACS) ensures that customers, providers, and staff receive timely and accurate information and assistance that supports actualization of the goal of self-sufficiency and independence for all Department's clients, consumers, and customers. OACS includes: Sign Language Interpreters/Alternative Formats; Oversees the Department Help Line; 211 for Social Services; Platinum Customer Service; Computer Telephony Assistance System (C-TAS); Recipient Identification Number (RIN) Coordinator.

Office of Budget

The Office of Budget consists of three bureaus: Operations, Transitional Services, and Community Programs. The Office is responsible for all aspects of the Department's budget development and implementation. The Office works closely with the Secretary, top executive leadership, and each area within the Department to determine budget needs; develops budget briefing documents used throughout the budget process; and works with Governor's Office of Management and Budget and legislative staff to develop appropriation bills. Once the budget is enacted, the Office works closely with each program area and central administrative offices to develop and implement balanced spending plans, and to monitor those plans throughout the fiscal year. The Office is a major contributor to ensuring that spending is within the language and intent of each appropriation line. Office analysts also act as outside financial consultants to program and administrative areas, providing additional insight and guidance on various projects planned or undertaken by the program and administrative areas. To streamline and improve the budget development and implementation process, the Department continues a periodic review of budget issues, which helps identify budget issues sooner, allowing more time to implement management decisions.

(Continued)

Office of Clinical, Administrative, and Program Support

The Office of Clinical, Administrative, and Program Support (OCAPS) is composed of three bureaus or organizational units: The Bureau of Pharmacy and Clinical Support Services (BPCSS), the Bureau of Accreditation, Licensure, and Certification (BALC), and the Bureau of Administrative Services (BAS). The Bureau of Pharmacy and Clinical Support Services (BPCSS) is responsible for the provision of pharmacy and laboratory services for inpatients in the facilities operated by the Department under the Divisions of Mental Health and Developmental Disabilities. BPCSS is also responsible for a number of other important programs including chairing the Department Central Office Pharmacy & Therapeutics Committee. The Pharmacy & Therapeutics Committee provides direction for all clinical policy development and oversight of clinical activities including management of the Department formulary. BPCSS administers the electronic Prescription Monitoring Program affecting practitioners who write prescriptions and retailers that dispense Schedule II, II, IV and V controlled substances in the community.

Office of Contract Administration

The Office of Contract Administration (OCA) is responsible for processing grants and purchase of care contracts, amendments, and modifications for all community service providers and programs; processing all contracts, amendments, and modifications for all business, operations, data processing, and professional and artistic services; functioning as primary liaison between the Department and the Office of the Comptroller reconciling issues concerning grants, contracts, and other obligation issues, maintaining sub-grantee procedures for the Consolidated Accounting and Reporting System; maintaining the official Department contract files including all contract approval forms; identifying and recovering lapsed funds in accordance with the Illinois Grant Funds Recovery Act; and conducting hearings with community providers in accordance with *89 Ill. Adm. Code 511* regarding lapse fund recoveries.

The Office of Contract Compliance is responsible for performing desk reviews of the audit/financial reports submitted by the Department-funded community service providers, in accordance with *89 Ill. Adm. Code 507*; analyzing audit/financial reports for compliance with applicable federal, State and Department financial reporting requirement; analyzing budgets for all Department service agreements and analyzing Indirect Cost Rate proposals related to the payment of general and administrative costs paid to Department providers.

(Continued)

Office of Fiscal Services

The Office of Fiscal Services (OFS) functions include: the Help Desk and System maintenance for the Consolidated Accounting and Reporting System (CARS) accounting system; the collections receivables for the Department; expenditure accounting processes; monitoring and reporting on Department disbursements; establishing, reviewing and coordinating expenditure accounting policy, procedures and processes; completion of federal reporting and its related functions; General Accounting; reports from the CARS information warehouse; the contractual payroll schedule and General Revenue Fund processing dates at the Illinois Office of the Comptroller.

Office of Management Information Services

The mission of the Office of Management Information Services (MIS) is to provide timely, reliable and user friendly computer systems to enable staff to better serve the customers and providers of the Department.

Program Divisions

Assistant Secretary of Program Divisions

The Office of the Assistant Secretary of Program Divisions (OAS) is responsible for Department programs and services related to the four program divisions as well as the following new or crosscutting initiatives: The New Americans Immigrant Integration initiative - a partnership, led by the Governor's Office of New Americans, to coordinate policies, actions, planning, and programs with respect to immigrant integration; the Limited English Proficient (LEP) initiative - a project designed to increase access to Department services for the LEP community; the Asians with Disabilities Advisory Board - a project designed to identify gaps in services to the grossly underserved Asian disability community; Illinois Welcoming Center - a pilot to offer a one stop shop for immigrants to enable improved access to services; the Illinois Debit MasterCard Program - an electronic payment card solution to improve the distribution of State payments; and the Open Door Pilot Project - designed to provide comprehensive access to all Department and community services regardless of the system entry point.

(Continued)

Division of Alcohol and Substance Abuse Treatment

Administrative responsibilities for publicly-funded addiction intervention and treatment services fall under the Division of Alcoholism and Substance Abuse (DASA). DASA is the designated lead agency for all substance abuse and addiction-related intervention and treatment issues for the State of Illinois. DASA is recognized as the Illinois Single State Authority (SSA) for substance abuse-related issues by the U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration (SAMHSA). As such, DASA is responsible for development and submission of annual applications for Federal Substance Abuse Treatment and Prevention Block Grant funding, and the distribution of awarded funds. In accordance with this responsibility, DASA is charged with the planning, development, funding, monitoring, and licensing of a statewide system of coordinated prevention, intervention, treatment, and recovery support services. These administrative functions extend to the distribution and monitoring of funds and supported services that are funded by State of Illinois General Revenue, Medicaid, and funds from other special and discretionary State-regulated sources.

The Illinois substance abuse and addictions treatment delivery system is designed to provide a network of services for community intervention, early intervention, treatment and recovery support of individuals with a wide range of alcohol and other substance abuse/addiction problems. Treatment and recovery support involves a complex interaction of medical, psychological, and other therapies administered by trained addictions counselors, peer counselors and other health care professionals. The system offers a broad range of treatments to address the needs of alcohol and other drug abusers and to afford opportunities for individuals to contribute to their own recovery.

As a response to the national trend toward performance measurement and documentation of program results, DASA created a performance monitoring system for its funded providers in SFY'08. This system produces annual reports on the performance of each provider with regard to measures of client engagement and retention in treatment and clients' continuity of care in treatment. Providers are required to submit performance goals on individual measures as part of their services contract with DASA. Over 140 community-based providers offer comprehensive services that include early intervention, treatment, case management, HIV counseling and testing, and continuing care. All treatment services are provided through licensed facilities, which are governed by physical safety and clinical requirements.

(Continued)

Division of Family and Community Services

The Division of Family and Community Services (DFCS) provides basic supports to ensure the availability of a safety net for the most vulnerable populations throughout the State of Illinois. Division programs are also designed to help families maintain or attain economic independence through a range of work support services. Program services are provided in the following areas: 1) Cash assistance; 2) Food and Nutrition; 3) Employment and Training Supports; 4) Homelessness and Housing Assistance; 5) Refugee and Immigrant Integration; 6) Child Care; and 7) Title XX Social Services Block Grants.

Division of Developmental Disabilities

Persons with developmental disabilities are those who have an intellectual disability or a related condition. Intellectual disability refers to significant sub-average general intellectual functioning existing concurrently with deficits in adaptive behavior; it must be in evidence before the age of 18. Related conditions may be attributable to cerebral palsy, epilepsy, autism, or any other condition that results in impairment similar to that caused by an intellectual disability and requires treatment or services similar to those required for those persons. Related conditions must be in evidence before the age of 22, be expected to last indefinitely, and result in substantial functional limitations in 3 or more of 6 major life activity areas. These major life activity areas include self-care, language, learning, mobility, self- direction and capacity for independent living. In order to be clinically eligible for most services from the Department's Division of Developmental Disabilities (DDD), individuals must also require Active Treatment for the developmental disability. Eligibility screening is provided by local Independent Service Coordination agencies funded by the DDD.

Individuals who are seeking services are entered into a database called the Prioritization of Unmet Need for Services (PUNS). Based on available funding, individuals are selected from the PUNS database according to specific criteria, such as age, level of urgency of need and length of time on the database. The purpose of Department-funded support services for persons with developmental disabilities is to maximize informed choice in services and supports and independent living for persons with developmental disabilities, offer and link individuals to appropriate services and supports in the community, thereby enhancing their independence in the major life skill areas. Ultimately this allows the person to continue to reside in their home communities and prevent unnecessary institutionalization.

(Continued)

The Department is committed to ensuring that local service providers make available to individuals and their families a full array of quality, outcome-based, person- and community-centered services and supports. Personal outcomes include: being active and valued participants at home, at school, at work, and in the community; having lasting and meaningful relationships with family, friends, and neighbors; having informed choice about his/her life and determining where and with whom to live, work, and socialize; developing and exercising one's own abilities and gifts; and having personal security and individual rights. It is essential that support services are functional, outcome-oriented and tailored to the service needs of the individual.

Division of Mental Health

As the federally designated State Mental Health Authority (SMHA), the Division of Mental Health (DMH) is responsible for assuring that children, adolescents and adults throughout Illinois, have the availability of and access to, recovery-oriented, evidence-based community-focused publicly-funded mental health services. Service delivery in the DMH is provided through five geographically organized service Regions, specifically Metropolitan Chicago (North, West and South) and Greater Illinois Suburban, North Central, Central and South. Within these five service Regions, service delivery is provided by 180 contracted community mental health agencies/Individual Care Grant (ICG) providers and seven DMH-operated psychiatric hospitals; the State hospitals are comprised of both civil and forensic beds. Through the Regional service structure, the DMH contracts for services utilizing a fee-for-service mechanism to purchase crisis and psychiatric services, community-based case management and support services, assertive community treatment, supported and supervised residential services, permanent supportive housing and psychosocial rehabilitation programs, among other services.

(Continued)

Division of Rehabilitation Services

The Division of Rehabilitation Services (DRS) operates 45 offices in communities throughout the State, as well as three residential schools serving students with disabilities, and a residential training facility for adults who are blind or visually impaired. The major programs offered through DRS are the Vocational Rehabilitation (VR) program, and the Home Services program (HSP). DRS also administer the Disability Determination Services (DDS) program on behalf of the federal Social Security Administration (SSA). While DDS staff is considered DRS employees, a special agreement with SSA governs the management of that program. DDS is operationally independent from the rest of the division. Field operations are supervised by two bureaus within the Department - The Bureau of Field Services (BFS) and the Bureau of Blind Services (BBS). The Bureau of Home Services is a separate administrative unit, but the local office staff providing Home Services is supervised through the Bureau of Field Services. Bureau of Blind Services staff are located in several of the same field offices as BFS and HSP staff, but are supervised by BBS. The Educational Services unit has supervisory responsibility for staff in the three residential schools for children.

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF EXPENDITURES BY FACILITY
FOR THE YEARS ENDED JUNE 30, 2015, 2014 AND 2013
(Unaudited)

	2015	2014	2013
Alton Mental Health Center	$23,510,558	$23,295,501	$22,235,713
Illinois School for the Visually Impaired	8,309,301	8,823,547	8,155,987
Illinois School for the Deaf	17,239,632	17,513,217	16,562,856
Andrew McFarland Mental Health Center	23,354,250	22,441,499	19,845,440
Chester Mental Health Center	39,297,087	37,806,008	35,636,130
Gov. Samuel H. Shapiro Developmental Center	77,172,494	76,042,188	69,326,496
Elgin Mental Health Center	67,412,719	67,238,407	60,430,257
John J. Madden Mental Health Center	31,969,821	32,888,398	30,979,294
H. Douglas Singer Mental Health Center	-	-	5,153,523
Chicago-Read Mental Health Center	27,859,851	28,338,332	25,163,008
Tinley Park Mental Health Center	-	-	2,435,099
Elisabeth Ludeman Developmental Center	59,320,936	60,903,752	50,689,980
William W. Fox Developmental Center	18,482,958	17,715,618	16,113,989
Jacksonville Developmental Center	-	-	10,744,224
Warren G. Murray Developmental Center	27,924,610	32,827,437	35,725,424
Ann M. Kiley Developmental Center	33,765,632	35,017,638	27,220,543
Clyde L. Choate Mental Health and Developmental Center	42,461,941	40,852,590	35,512,284
Jack Mabley Developmental Center	14,341,779	13,365,718	10,110,959
Total	$517,191,769	$520,334,934	$487,072,829

All expenditure data on this schedule was obtained from Department records.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF AVERAGE NUMBER OF EMPLOYEES
FOR THE FISCAL YEARS ENDED JUNE 30, 2015, 2014 AND 2013
(Unaudited)

Number of employees by division are presented as follows as of June 30:

	2015	2014	2013
Division of Administrative Services			
Administrative and Program Support	485	483	469
Office of Management Information Systems	138	124	123
Office of Inspector General	55	56	54
Clinical Administrative and Program Support	109	111	112
Total Division of Administrative Services	787	774	759
Division of Alcohol and Substance Abuse			
DASA Administrative	44	46	49
Total Division of Alcohol and Substance Abuse	44	46	49
Division of Rehabilitative Services			
Disability Determination	425	367	389
Client Assist Project	2	3	3
Community and Residential Services	15	15	16
Home Services	260	257	269
ICRE	54	56	54
Illinois School for the Deaf	207	211	208
Illinois School for the Visually Impaired	114	113	105
Rehabilitation Services Bureau	437	457	472
Total Division of Alcohol and Substance Abuse	1,513	1,479	1,516
Division of Developmental Disabilities			
Developmental Disability Administration	103	114	102
Choate Mental Health and Development Center	529	478	463
Fox Development Center	250	233	226
Jacksonville Development Center	-	-	127
Kiley Development Center	443	408	395
Ludeman Development Center	741	690	679
Mabley Development Center	192	174	152
Murray Development Center	494	511	527
Shapiro Development Center	1,144	1,123	1,085
Total Division of Developmental Disabilities	3,896	3,729	3,756

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
SCHEDULE OF AVERAGE NUMBER OF EMPLOYEES
FOR THE FISCAL YEARS ENDED JUNE 30, 2015, 2014 AND 2013
(Unaudited)

	2015	2014	2013
Division of Mental Health			
Mental Health Administrative	95	100	97
Alton Mental Health Center	242	214	206
Chester Mental Health Center	470	431	396
Chicago-Read Mental Health Center	272	256	253
Elgin Mental Health Center	689	612	609
John J. Madden Mental Health Center	303	299	292
Andrew McFarland Mental Health Center	235	230	210
Treatment and Detention Facility	240	212	191
Total Division of Mental Health	2,545	2,355	2,252
Division of Family and Community Services			
Family and Community Services	4,140	3,572	2,956
Total Division of Family and Community Services	4,140	3,572	2,956
GRAND TOTAL	12,925	11,956	11,287

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.

The information presented above reflects the average number of employees during the fiscal year.

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ANALYSIS OF EMPLOYEE OVERTIME
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Unaudited)

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 incurred during fiscal years 2015 and 2014.

Year Ended June 30, 2015

	Value of Overtime Hours Paid	Value of Other Compensatory Time Used
Central Office / Division		
Administration & Program Support	$ 757,881	$ 443,108
Management Information Service	317,986	124,945
Disability Determination Services Bureau	1,001,040	11,245
Home Services Program	247,685	76,817
Mental Health Administration	19,689	62,431
Inspector General	82,989	45,694
Developmental Disabilities Disabilities Administration	25,646	90,657
Addiction Treatment	7,642	12,992
Rehabilitation Services Bureaus	111,514	132,485
Client Assist Project	-	-
Clincial Administration and Program Support	196,731	77,715
Community and Resident Services for Blind and Visually Impaired	33,635	37,458
Family and Community Services	5,317,841	198,825
Total central office	$ 8,120,279	$ 1,314,371
Facilities		
Jack Mabley Developmental Center	1,369,188	$ 67,855
Alton Mental Health Center	1,541,120	228,560
Clyde L. Choate Mental Health and Developmental Center	4,268,938	333,997
Chicago Read Mental Health Center	2,720,625	389,175
Treatment and Detention Program	787,091	388,212
Ann M. Kiley Developmental Center	3,828,718	706
Illinois School for the Deaf	484,297	739,236
Illinois School for the Visually Impaired	387,487	416,198
John J. Madden Mental Health Center	2,446,303	588,484
Warren G. Murray Developmental Center	5,048,675	140,060
Elgin Mental Health Center	6,609,741	597,809
Chester Mental Health Center	3,215,845	105,716
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	74,007	61,267
Andrew McFarland Mental Health Center	1,339,170	306,755
Gov. Samuel H. Shapiro Developmental Center	5,186,688	30,053
William W. Fox Developmental Center	1,569,488	16,842
Elisabeth Ludeman Developmental Center	7,293,557	198,800
Total Facilities	48,170,938	$ 4,609,724
Total for Department by Fiscal Year	$ 56,291,217	$ 5,924,095

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ANALYSIS OF EMPLOYEE OVERTIME
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Unaudited)
Year Ended June 30, 2014

Central Office / Division	Value of Overtime Hours Paid	Value of Other Compensatory Time Used
Administration & Program Support	$ 1,273,827	$ 446,854
Management Information Service	729,668	219,799.83
Disability Determination Services Bureau	1,507,395	16,325
Home Services Program	43,408	60,417
Mental Health Administration	102,533	120,235
Inspector General	49,198	33,448
Developmental Disabilities Disabilities Administration	58,403	98,570
Addiction Treatment	5,740	30,110
Rehabilitation Services Bureaus	140,875	159,092
Client Assist Project	-	-
Clincial Administration and Program Support	144,685	87,814
Community and Resident Services for Blind and Visually Impaired	35,741	24,307
Family and Community Services	8,657,727	265,787
Total central office	$ 12,749,200	$ 1,562,758
Facilities		
Jack Mabley Developmental Center	$ 1,493,354	$ 69,188
Alton Mental Health Center	2,952,640	493,675
Clyde L. Choate Mental Health and Developmental Center	5,323,090	470,466
Chicago Read Mental Health Center	3,902,667	477,120
Treatment and Detention Program	1,337,818	649,640
Ann M. Kiley Developmental Center	6,555,788	177
Illinois School for the Deaf	572,446	885,528
Illinois School for the Visually Impaired	375,292	387,318
John J. Madden Mental Health Center	3,863,002	621,557
Warren G. Murray Developmental Center	5,517,462	123,553
Elgin Mental Health Center	8,970,875	640,337
Chester Mental Health Center	4,127,058	381,485
Illinois Center for Rehabilitation Education (Roosevelt and Wood)	130,115	93,710
Andrew McFarland Mental Health Center	1,149,356	303,707
Gov. Samuel H. Shapiro Developmental Center	5,174,642	39,356
William W. Fox Developmental Center	1,817,875	18,475
Elisabeth Ludeman Developmental Center	9,723,401	245,215
Total Facilities	$ 62,986,881	$ 5,900,506
Total for Department by Fiscal Year	$ 75,736,081	$ 7,463,264

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
EMERGENCY PURCHASES
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Central Office	Compliance monitoring of services to support Early Intervention System	$ 2,246,543	Actual
Business Services	William G. Murray Development Center	Laundry services	54,934	Actual
Business Services	Elgin Mental Health Center	Emergency life safety upgrades	49,891	Actual
Business Services	Chester Mental Health Center	Security system	81,797	Actual
Business Services	Chicago Read Mental Health Center	HVAC back-up	99,060	Actual
Business Services	Chester Mental Health Center	Back-up generator	50,750	Actual
Business Services	Elgin Mental Health Center	Cooling tower repairs	53,720	Actual
Business Services	Central Office	Learning management system	17,500	Estimate
Business Services	Mabley Development Center	HVAC for the Administration building	100,000	Estimate
Business Services	Treatment and Detention Facility	Food services	88,094	Actual
Business Services	Clyde L. Choate Mental Health and Development Center	Repair chillers for living quarters at the facility	175,000	Estimate

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
EMERGENCY PURCHASES (Continued)
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Elgin Mental Health Center	Chiller for the Goldman building	$ 150,000	Estimate
Business Services	William G. Murray Developmental Center	Chiller replacement	850,000	Estimate
Business Services	Central Office	Child care case management system	150,000	Estimate
Business Services	Chester Mental Health Center	Asbestos abatement	38,375	Actual
Business Services	Central Office	Prescription monitoring program website	30,000	Estimate
Business Services	Central Office	Statewide conditional release program	347,975	Actual

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
EMERGENCY PURCHASES
FOR THE YEAR ENDED JUNE 30, 2014
(Unaudited)

Division	Facility	Description	Amount	Actual/ Estimated
Business Services	Illinois Center for Rehabilitation and Education - Roosevelt	Food service	$ 30,584	Actual
Business Services	Central Office	Compliance monitoring of services for the Early Intervention System	1,389,479	Actual
Business Services	Clyde L. Choate Mental Health and Developmental Center	Replace chiller	67,451	Actual
Business Services	Central Office	JAVA developers for the FOID System	1,273,770	Actual
Business Services	Madden Mental Health Center	Repair broken water main	48,980	Actual
Business Services	Elgin Mental Health Center	Security fencing, screening and security camera system and spider alarm	173,463	Actual
Business Services	Elgin Mental Health Center	Repair fire suppression system	75,000	Estimate
Business Services	Ann M. Kiley Developmental Center	Laundry services	32,329	Actual
Business Services	Chicago Read Mental Health Center	Repair heat exchanger	100,000	Actual

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
MEMORANDUMS OF UNDERSTANDING
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Parties Involved Other Than The Department	Dates Involved	Description of Memorandum Requirements
Wheaton College	9/9/13 - 6/30/16	Contract for use of BEPB Vending Facilities for Wheaton College employees, individuals served, and general public
Four Rivers Special Education District	9/30/13 - 6/30/18	Contract for shared services to allow Illinois School for the Deaf students to take courses in a public school setting.
Sheridan Correctional Center	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Cook County	1/1/14 - 12/31/19	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Jacksonville Correction Center	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Western Illinois Correctional Center and Work Camp	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Metcalfe Federal Building	Continuous	Contract to place Vending Facility on property located in Lobby of the Metcalfe Federal Building
Rosalind Franklin University of Medicine and Science	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
DHS, Secretary of State	Continuous	Contract to renew Online Access Agreement
Hill Correctional Center	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Illinois Farmers Market Association	6/13/14 - 12/31/14	Promote the availability of fresh fruits and vegetables to recipients of Supplemental Nutrition Assistance Program benefits and Supplemental Nutrition Program for Women, Infants, and Children, Farmers Market Nutrition Program checks
Clinton County Courthouse	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Town & Country Homes	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Illinois Supreme Court	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Office of Special Education and Rehabilitation Services	Continuous	Contract to place Vending Facility on property located in Lobby of the Metcalfe Federal Building
Cooperative Disability Investigations (CDI) Unit	9/26/14 - 12/31/2018	Agreement with CDI Unit to combat fraud by investigating questionable statements and activities of claimants, medical providers, interpreters, or other service providers who facilitate or promote disability fraud
Millcreek Alzheimer's Special Care Center	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Department of Employment Security	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Fayette County Courthouse	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Chicago Cook Workforce Partnership	Continuous	To foster a high level of collaboration and innovation between the parties in order to meet all of the requirements of the Workforce Investment Act of 1998.
Social Security Administration (CDI)	Continuous	To memorialize the terms, conditions and safeguards under which the Illinois Bureau of Disability Determination Services (DDS) will disclose the medical and other information relevant to an application for benefits to the State agency in order to assist the State agency in making determinations for entitlement to its Medicaid and Temporary Assistance for Need Families (TANF) programs.
Sandburr Run Resort	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Illinois Commerce Commission	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public
Illinois Department of Military Affairs	Continuous	Contract for use of BEPB Vending Facilities for use of its employees, individuals served and general public

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
ANNUAL COST STATISTICS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Unaudited)

The following annual cost statistics have been accumulated for the years ended June 30, 2015 and 2014 (all amounts are in thousands except for average cost per day).

	Mental Heath		Development Disabilities		Total	
	2015	2014	2015	2014	2015	2014
Accumulated costs	$ 402,282	$ 391,994	$ 393,624	$ 385,900	$ 795,906	$ 777,894
Allocated overhead	18,509	25,569	18,811	26,547	37,320	52,116
Less:						
Extramural services	204	660	-	-	204	660
Clothing	193	125	65	36	258	161
Donated commodities	278	99	1	-	279	99
Miscellaneous income	127	107	10	6	137	113
Total costs	419,989	416,572	412,359	412,405	832,348	828,977
Patient days	490	482	551	577	1,041	1,059
Average cost per day	$ 857	$ 864	$ 748	$ 715	$ 800	$ 783

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
FACILITY/ SCHOOL STATISTICS
FOR THE YEARS ENDED JUNE 30, 2015, 2014 AND 2013
(Unaudited)

	2015			
	Average Number of Employees ^	Average Number of Residents / Students	Average Yearly Cost Per Resident / Student*	Ratio of Employees to Residents / Students
Developmental Centers				
William W. Fox Developmental Center	250	110	$295,776	2.28 to 1
Ann M. Kiley Developmental Center	443	190	302,138	2.33 to 1
Elisabeth Ludeman Developmental Center	741	401	244,584	1.85 to 1
Jack Mabley Developmental Center	192	99	245,153	1.93 to 1
Warren G. Murray Developmental Center	494	211	307,115	2.34 to 1
Gov. Samuel H. Shapiro Developmental Center	1,144	500	270,663	2.29 to 1
Subtotal	3,264	1,511		
Mental Health Centers				
Chester Mental Health Center	470	248	263,802	1.89 to 1
Chicago-Read Mental Health Center	272	111	412,721	2.45 to 1
Elgin Mental Health Center	689	387	285,541	1.78 to 1
John J. Madden Mental Health Center	303	117	426,278	2.60 to 1
Andrew McFarland Mental Health Center	235	131	283,465	1.80 to 1
Alton Mental Health Center	242	120	327,110	2.02 to 1
Treatment & Detention Facility***	240	539	61,194	0.45 to 1
Subtotal	2,450	1,653		
Mental Health & Developmental Centers				
Clyde L. Choate Mental Health and Developmental Center	529	230	313,987	2.3 to 1
Subtotal	529	230		
Rehabilitation Services				
Illinois Center for Rehabilitation and Education - Roosevelt	54	27	174,380	1.99 to 1
Illinois School for the Visual Impaired	114	111	74,626	1.02 to 1
Illinois School for the Deaf	207	225	76,462	0.92 to 1
Subtotal	375	363		
Grand Total	6,618	3,757		

* Average Yearly Cost Per Resident / Student information was derived from per-resident costs accumulated by the Department's Management Cost System. The Average Yearly Cost Per Resident / Student includes depreciation and an allocation of costs incurred by the Central Office and other State agencies and was not verified.

*** The Treatment & Detention Facility average yearly cost per resident was computed using expenditures from all sources. In addition, the average number of residents/students was computed utilizing the beginning and ending figures from each fiscal year.

^ The average number of employees was computed utilizing the beginning and ending figures from each fiscal year.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
FACILITY/ SCHOOL STATISTICS
FOR THE YEARS ENDED JUNE 30, 2015, 2014 and 2013
(Unaudited)

	2014			
	Average Number of Employees ^	Average Number of Residents / Students	Average Yearly Cost Per Resident / Student*	Ratio of Employees to Residents / Students
Developmental Centers				
William W. Fox Developmental Center	233	112	$281,013	2.08 to 1
Ann M. Kiley Developmental Center	408	205	285,439	1.99 to 1
Elisabeth Ludeman Developmental Center	690	412	238,452	1.67 to 1
Jack Mabley Developmental Center	174	99	235,272	1.75 to 1
Warren G. Murray Developmental Center	511	224	298,965	2.28 to 1
Gov. Samuel H. Shapiro Developmental Center	1,123	529	253,041	2.12 to 1
Subtotal	3,138	1,581		
Mental Health Centers				
Chester Mental Health Center	431	234	271,676	1.84 to 1
Chicago-Read Mental Health Center	256	98	486,365	2.61 to 1
Elgin Mental Health Center	612	389	279,288	1.57 to 1
John J. Madden Mental Health Center	299	124	422,343	2.41 to 1
Andrew McFarland Mental Health Center	230	127	284,301	1.81 to 1
Alton Mental Health Center	214	115	336,363	1.86 to 1
Treatment & Detention Facility***	212	524	62,995	0.40 to 1
Subtotal	2,255	1,611		
Mental Health & Developmental Centers				
Clyde L. Choate Mental Health and Developmental Center	478	234	297,213	2.04 to 1
Subtotal	478	234		
Rehabilitation Services				
Illinois Center for Rehabilitation and Education - Roosevelt	56	28	185,912	1.99 to 1
Illinois School for the Visual Impaired	113	115	76,525	0.99 to 1
Illinois School for the Deaf	211	242	72,214	0.87 to 1
Subtotal	380	385		
Grand Total	6,251	3,811		

* Average Yearly Cost Per Resident / Student information was derived from per-resident costs accumulated by the Department's Management Cost System. The Average Yearly Cost Per Resident / Student includes depreciation and an allocation of costs incurred by the Central Office and other State agencies and was not verified.

*** The Treatment & Detention Facility average yearly cost per resident was computed using expenditures from all sources. In addition, the average number of residents/students was computed utilizing the beginning and ending figures from each fiscal year.

^ The average number of employees was computed utilizing the beginning and ending figures from each fiscal year.

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
FACILITY/ SCHOOL STATISTICS
FOR THE YEARS ENDED JUNE 30, 2015, 2014 and 2013
(Unaudited)

	2013			
	Average Number of Employees ^	Average Number of Residents / Students	Average Yearly Cost Per Resident / Student*	Ratio of Employees to Residents / Students
Developmental Centers				
William W. Fox Developmental Center	226	113	$248,061	2.00 to 1
Ann M. Kiley Developmental Center	395	207	249,890	1.91 to 1
Elisabeth Ludeman Developmental Center	679	406	223,895	1.67 to 1
Jack Mabley Developmental Center	152	98	199,859	1.55 to 1
Warren G. Murray Developmental Center	527	256	250,301	2.06 to 1
Gov. Samuel H. Shapiro Developmental Center	1,085	538	225,485	2.02 to 1
Subtotal	3,063	1,618		
Mental Health Centers				
Chester Mental Health Center	396	239	232,073	1.66 to 1
Chicago-Read Mental Health Center	253	101	398,273	2.50 to 1
Elgin Mental Health Center	609	385	251,119	1.58 to 1
John J. Madden Mental Health Center	292	135	351,425	2.17 to 1
Andrew McFarland Mental Health Center	210	109	283,739	1.92 to 1
Alton Mental Health Center	206	118	288,445	1.75 to 1
Treatment & Detention Facility***	191	504	47,586	.38 to 1
Subtotal	2,156	1,591		
Mental Health & Developmental Centers				
Clyde L. Choate Mental Health and Developmental Center	463	239	271,437	1.94 to 1
Subtotal	463	239		
Rehabilitation Services				
Illinois Center for Rehabilitation and Education - Roosevelt	54	36	138,190	1.51 to 1
Illinois School for the Visual Impaired	105	137	59,373	.77 to 1
Illinois School for the Deaf	208	259	63,800	.80 to 1
Subtotal	367	432		
Grand Total	6,049	3,880		

* Average Yearly Cost Per Resident / Student information was derived from per-resident costs accumulated by the Department's Management Cost System. The Average Yearly Cost Per Resident / Student includes depreciation and an allocation of costs incurred by the Central Office and other State agencies and was not verified.

*** The Treatment & Detention Facility average yearly cost per resident was computed using expenditures from all sources. In addition, the average number of residents/students was computed utilizing the beginning and ending figures from each fiscal year.

^ The average number of employees was computed utilizing the beginning and ending figures from each fiscal year.

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

The mission of the Illinois Department of Human Services (Department) is 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 improves the quality of life of thousands of Illinois families by providing an array of comprehensive, coordinated services through: programs for persons with developmental disabilities, mental illness, or substance abuse problems, employment, training, and independent living programs for persons with disabilities, and financial support, employment and training programs, community health and prevention programs, child care, and other family services for low-income families. The Department serves Illinois families through the following main programs:

***Alcoholism and Substance Abuse Services* -** The Department is charged with designing, coordinating, funding and licensing a comprehensive and coordinated community-based and culturally and gender appropriate array of services throughout the State for the prevention, intervention, treatment and recovery of alcohol and other drug abuse and dependency. This system addresses the needs of at-risk or addicted individuals and their families.

***Developmental Disabilities Services* -** An extensive array of services and supports are provided for individuals with developmental disabilities to enable them to reside with their families or in other community living situations, and to develop functional and occupational skills. The Department funds contracts with 345 community service providers, approximately 287 private Intermediate Care Facilities, and operates 7 State-operated developmental centers that provide residential services and offer services and supports to individuals in community living environments.

***Family and Community Services* -** The Division emphasizes a structure that provides services along a continuum of care from birth to death and represents a comprehensive approach to meeting the basic needs of Department customers: access to food, nutrition education, prenatal care, housing assistance, quality child care, youth services, income assistance, employment and training and other supportive services. The Division’s staff help clients find services provided by other DHS divisions, State agencies and local communities.

(Continued)

Mental Health Services - Inpatient services are provided in 7 accredited State hospitals, and 1 treatment detention facility operated by the Division of Mental Health (DMH). DMH purchases community mental health services from 180 certified vendors/providers whose staff include credentialed mental health professionals, such as licensed physicians, board-certified psychiatrists, licensed clinical psychologists, licensed clinical social workers, licensed counselors, registered nurses and certified recovery support specialists. All services are intended to identify and treat individuals who are diagnosed with mental illnesses/emotional disorders and co-occurring mental illnesses and substance abuse disorders with the goal of supporting individuals' movement toward recovery.

Rehabilitation Services - The Department is the State's lead agency serving individuals with disabilities. The Division works in partnership with people with disabilities and their families to assist them in making informed choices to achieve full community participation through employment, education, and independent living opportunities.

The Department delivers services directly through nearly 200 local offices and in partnership with a network of local providers that reach every part of Illinois. The Department's services touch the lives of 1 out of 5 Illinois citizens in the course of a year.

(Concluded)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Addiction Treatment and Related Services

Mission Statement: The human suffering and social and economic losses caused by addictions exceed $6 billion in Illinois each year. These losses can be prevented or reduced through the implementation of appropriate public policy and a comprehensive coordinated strategy. The Division of Alcoholism and Substance Abuse (DASA) is responsible for planning, funding and coordination of prevention, intervention, treatment and recovery support services including the identification of service needs, coordination of all State program efforts, the maximization of new and existing resources, and the expansion of accessible and appropriate community-based prevention, intervention and treatment efforts to meet the needs of the citizens of this State.

Program Goals:

Objectives:

1. Meet the Needs of Illinois Citizens - Support prevention, intervention and treatment services in whole or in part so that individuals, families and communities may reduce the negative impact caused by abuse and addiction.
   a. By June 30, 2015 provide treatment services for a minimum of 55,000 individuals.

2. Provide a Performance Results Strategy - Evaluate the performance of substance abuse treatment services delivered to Illinois citizens by geographic area and level of care.
   a. By June 30, 2015 complete provider reports for fiscal year 2014 detailing performance on the following output measures: client engagement, retention, and continuity of care as well as client outcome measures related to alcohol and other drug use.

3. Implement quarterly provider performance reports and performance-based contracting.
   a. By June 30, 2015, include provider performance measure benchmarks as standard fiscal year 2016 contract language for DASA-funded treatment providers.

Source of Funds: General Revenue Fund, Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund, Drunk and Drugged Driving Prevention Fund, Drug Treatment Fund, Alcoholism and Substance Abuse Fund, Youth Drug Abuse Prevention Fund

Statutory Authority: Public Act 85-965, Chap. 111

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 193,224.5	$ 193,749.7	$ 241,004.4	$ 187,188.6	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 193,224.5	$ 193,749.7	$ 241,004.4	$ 187,188.6	$ -
* Average monthly full-time equivalents	47.0	42.0	56.0	56.0	-
Output Indicators					
* Number of discharges classified as "positive" (transfers, completions, etc.)	42,713	40,991	35,000	37,143	35,000
* Number of unduplicated patients served (patient service data)	70,767	68,829	55,000	63,231	55,000
* Estimated number of individuals in prevalence population	1,577,818	1,577,818	1,577,818	1,577,818	1,577,818
* Annual desired treatment capacity	256,676	256,676	256,676	256,676	256,676
Outcome Indicators					
* Percentage of discharges classified as "positive" (transfers, completions, etc.)	59.9%	57.5%	60.0%	58.2%	60.0%
* Unduplicated clients served as a percent of the desired capacity (patient service data)	27.6%	26.8%	21.4%	24.6%	21.4%

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Developmental Disabilities – Community & Facility Services

Mission Statement: Provide a full array of quality, outcome-based, person- and community-centered services and supports for individuals with developmental disabilities and their families in Illinois.

Program Goals:

Objectives:

1. Provide comprehensive service and supports to individuals with developmental disabilities and their families to encourage active participation in life choices at home, school, work and in recreational activities in their community.
   a. By June 30, 2015 identify individuals living in State-Operated Developmental Centers (SODC's) who would be more appropriately served in community settings, and offer them the option of community residential alternatives reducing the statewide SODC census to 1,740.
   b. By June 30, 2015 maintain the number of individuals in the Medicaid waiver from 21,510 to 21,940.
2. Improve on an ongoing basis the quality of services and supports provided.
   a. By June 30, 2015 maintain statewide staffing ratios at SODC's to at least 2.0:1.

Source of Funds: General Revenue Fund, Mental Health Fund, Care Provider Fund for Persons with Development Disability
Statutory Authority: 20 ILCS 1705/1502 & 40 ILCS 30/3

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 1,615,315.5	$ 1,502,549.7	$ 1,565,155.3	$ 1,542,293.3	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 1,615,315.5	$ 1,502,549.7	$ 1,565,155.3	$ 1,542,293.3	$ -
* Average monthly full-time equivalents	3,747.5	3,738.6	3,647.0	4,199.2	-
Output Indicators					
* Number of individuals served in waiver settings	20,051	21,510	21,940	22,592	23,192
* Number of individuals served in private Intermediate Care Facilities and Mental Retardation facilities (ICF/MR), including Skilled Nursing Facility/Pediatrics	5,986	5,608	5,550	5,078	5,028
* Number of individuals served in SODCs	1,810	1,752	1,740	1,685	1,635
Outcome Indicators					
* Percent reduction in end of year census in large state Mental Retardation/Developmental Disabilities (MR/DD) facilities	6.1%	2.7%	0.7%	3.8%	2.9%
* Persons receiving developmental disability services as a percent of the estimated number of persons with a diagnosis of a developmental disability	16.0%	17.5%	17.5%	18.0%	18.0%
Efficiency/Cost-Effective Indicators					
* Medicaid claiming as a percentage of total Division of Developmental Disabilities spending	90.5%	92.7%	93.0%	91.4%	92.0%
External benchmarks					
* Staff to resident ratio (#:1)	2.0	2.1	2.0	2.1	2.2

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Family and Community Services – Basic Family Supports

Mission Statement: To help families and individuals achieve self-sufficiency.

Program Goals:

Objectives:

1. Implement Temporary Assistance for Needy Families (TANF) work training programs according to TANF Reauthorization Requirements.
   a. By June 30, 2015 Illinois DHS will have canceled a monthly average of 3% of the Available-to-Work (ATW) caseload due to earnings.
   b. By September 30, 2015 Illinois DHS will meet or surpass the Federal Work Participation rate of 50% for TANF clients working and/or engaged in the required number of average countable activities per week.
   c. Through June 30, 2015, maintain the percentage of TANF clients working (of clients available to work) at or above 32%.
   d. Through September 30, 2015, maintain the percentage of TANF clients engaged in the required number of average countable activities per week at or above 50.0%.
2. Improve Food Stamp Participation.
   a. By October 1, 2015 maintain the Federal Q.C. Food Stamp Payment Accuracy (FFY) rate at 96.0%.
3. Support families and children by improving the quality of child care and by decreasing the number of families for which child care is a barrier to work.
   a. By June 30, 2015 increase the current average number of children receiving child care subsidy to 162,700 per month.
   b. By June 30, 2015 promote quality care by providing wage bonuses to 4,600 child care workers who stay in their jobs and receive training or education beyond their required licensing standard.

Source of Funds: General Revenue Fund
Statutory Authority: 305 ILCS 5/4-1, 51; 20 ILCS 505

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 1,475,697.3	$ 1,572,295.2	$ 1,564,914.8	$ 1,793,543.7	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 1,475,697.3	$ 1,572,295.2	$ 1,564,914.8	$ 1,793,543.7	$ -
* Average monthly full-time equivalents	2,827.0	3,865.9	4,364.4	4,366.4	-
Output Indicators					
* Total number of Family Health Plan applications disposed timely	268,486	473,612	250,000	796,356	700,000
* Total number of Family Health Plan applications approved	149,114	469,579	200,000	616,468	500,000
* Total number of Medical Assistance No Grant (MANG) Aid to the Aged, Blind and Disabled (AABD) applications approved	89,121	88,135	85,000	98,501	95,000
* Total number of MANG AABD applications disposed timely	208,030	122,215	120,000	103,776	100,000
* Total number of TANF customers canceled due to earnings	7,651	7,278	7,500	8,712	9,000
* Average number of TANF families engaged each month (Fed. participation rate)	5,540	5,108	5,500	5,272	5,200
* Average monthly TANF Available to Work (ATW) caseload	18,074	18,241	18,000	16,567	13,000
* Total average monthly TANF caseload	50,439	49,734	49,000	47,215	45,000
* The average number of cases/families served through the Child Care program per month	87,700	88,342	88,100	92,700	82,105
* Number of children served through the Child Care program - avg. month	163,250	163,000	162,700	179,315	156,000
* Total number of customers served through the Refugee Social Service program	5,536	4,946	5,000	6,450	5,451

Family and Community Services – Basic Family Supports (Continued)

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
* Total number of Refugees and Immigrants receiving citizenship assistance (a)	6,790	8,821	8,900	7,138	N/A
* Total number of Refugees and Immigrants receiving Outreach and Interpretation services (a)	62,204	71,088	66,000	64,403	N/A
in thousands)	3,041	2,237	2,300	2,271	2,300
* Total number of Children served through the Crisis Nursery program	1,691	1,292	1,292	1,068	1,068
* Total number of Seniors accessing services through the Donated Funds Initiative program	9,170	11,123	9,170	7,496	7,496
Outcome Indicators					
* Timely local office disposition of Family Health Plan applications	90.7%	63.1%	85.0%	76.4%	85.0%
* Timely disposition of MANG AABD application:	80.6%	67.1%	80.0%	74.5%	80.0%
* Federal Q.C. Food Stamp payment error rate (FFY)	1.7%	4.3%	4.0%	3.5%	3.5%
* Average monthly percentage of the TANF ATW caseload canceled due to earnings	3.5%	3.3%	3.0%	4.4%	4.0%
* Percent of TANF clients working and/or engaged in the required number of average countable activities per week	66.8%	68.8%	50.0%	68.8%	50.0%
* Percent of families eligible for child care services served	100.0%	100.0%	100.0%	100.0%	100.0%
* Percent of working families receiving child care services	89.1%	90.3%	92.0%	91.4%	90.0%
* Percent of children receiving child care services that are in licensed care	62.6%	64.3%	65.0%	64.1%	64.0%
* Percentage of TANF clients working (of clients available to work)	29.2%	34.5%	32.0%	42.3%	40.0%
* Number of child care practitioners that received wage supplements	4,020	4,591	4,600	3,732	3,700
* Number of credentials issued to child care practitioners	655	2,268	2,300	3,774	3,292
External Benchmarks					
* Federal work participation rate for all families	50.0%	50.0%	50.0%	50.0%	50.0%
Efficiency/Cost-Effectiveness Indicators					
* Federal Q.C. Food Stamp Payment Accuracy (FFY)	98.26%	95.73%	96.00%	96.50%	96.50%
* Average cost per Child Care case/family - avg. month (in dollars)	$ 768	$ 809	$ 849	$ 925	$ 925
* Average Child Care cost per child - per month (in dollars)	$ 413	$ 438	$ 460	$ 478	$ 478
* Homeless Prevention - Avg. quarterly cost per household (in dollars)	$ 950	$ 950	$ 950	$ 1,035	$ 1,000

Footnote

(a) Program was not funded in fiscal year 2016.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Family and Community Services – Family Wellness

Mission Statement: Improves the health and well-being of families and individuals through partnerships and services that build community competence and provide resources and supports that assist families who have infants and toddlers, birth to age three, with diagnosed disabilities, developmental delays or substantial risks of developmental delays to maximize their child's development, while respecting the diversity of families and communities.

Program Goals:

Objectives:

1. Reduce infant mortality and morbidity
   a. By June 30, 2015 increase the percentage of Medicaid eligible pregnant women that are active in Family Case Management (FCM) in first trimester to 82.5%.
2. Reduce child mortality and morbidity.
   a. By June 30, 2015 increase the percentage of 12 to 18 month olds who are on FCM who are fully immunized to 80%.

Source of Funds: General Revenue Fund, Wellness Charities Fund, DHS Federal Projects Fund, DHS State Projects Fund, USDA Women, Infants and Children Fund, Maternal and Child Health Services Block Grant Fund
Statutory Authority: 20 ILCS 1305/10-25

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 322,416.1	$ 317,138.8	$ 379,900.5	$ 310,456.6	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 322,416.1	$ 317,138.8	$ 379,900.5	$ 310,456.6	$ -
* Average monthly full-time equivalents	44.2	44.0	90.0	90.0	-
Output Indicators					
* Number of pregnant women and infants enrolled in FCM	220,145	233,694	200,000	202,804	200,000
* Number of 0-2 year olds who received immunizations	270,149	288,550	266,000	298,406	270,000
* Number of FCM participant births	50,814	49,089	49,000	57,467	50,000
* Number of WIC participant births	61,024	57,835	60,000	67,219	68,000
* Number of WIC food coupons issued	11,058,137	10,408,115	10,500,000	10,203,289	10,500,000
Outcome Indicators					
* Proportion of clients receiving prenatal care in the first trimester - WIC and FCM	N/A	N/A	82.5%	0.0%	0.0%
* Proportion of post-partum clients breast-feeding exclusively at 12 weeks	N/A	9.7%	9.0%	10.4%	11.0%
* Proportion of WIC mothers who continue to breast-feed their infants at six months of age	26.5%	18.0%	27.0%	19.0%	27.0%
* Proportion of FCM one-year old recipients that are fully immunized	79.4%	84.1%	80.0%	83.8%	90.0%
* Infant mortality rate per 1,000 births	6.6%	N/A	6.4%	N/A	6.6%
* Very low birth weight rate per 1,000 births	1.6%	N/A	1.6%	N/A	1.6%
* Percentage of clients receiving IFSPs prior to first birthday	22.5%	22.5%	23.5%	22.2%	23.5%
External Benchmarks					
* National 1st trimester goal	77.9%	77.9%	77.9%	77.9%	77.9%
* National infant mortality rate per 1,000 births	6.1%	6.1%	6.1%	6.1%	6.1%
Efficiency/Cost-Effectiveness Indicators					
* Dollars saved in medical care by providing prenatal care (FCM & WIC)	N/A	N/A	N/A	N/A	$ 17,000,000

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Family and Community Services – Community and Positive Youth Development

Mission Statement: Improve the health and well-being of families and individuals through partnerships and services that build community competence.

Program Goals:

Objectives:

1. Effect a positive change in the lives of youth that will prevent them from becoming involved in the child welfare and/or juvenile justice system; to assist them in achieving family preservation, reunification or independence.
   a. By June 30, 2015 maintain the percent of Comprehensive Community-Based Youth Services (CCBYS) recipients' cases closed due to family reunification at 88.5% or higher.
   b. By June 30, 2015 maintain the percent of CCBYS recipients that are referred by law enforcement organizations at 40% or higher.
2. Effect a positive change in the lives of youth that will delay the age of first use.
   a. By June 30, 2015 maintain the proportion of 10th grade children reporting the consumption of alcohol within the past 30 days at or below 33%.
3. Reduce the teen birth rate (women under age 20).
   a. By June 30, 2015 decrease the percentage of teens 15 to 17 years old who give birth to 15% or less.

Source of Funds: General Revenue Fund, Prevention and Treatment of Alcoholism and Substance Abuse Block Grant Fund, Youth Alcoholism and Substance Abuse Prevention Fund, Illinois Affordable Housing Trust Fund, Gaining Early Awareness and Readiness for Undergraduate Programs Fund, DHS Special Purpose Trust Fund, Juvenile Accountability Incentive Block Grant Fund, DHS Federal Projects Fund, Alcoholism and Substance Abuse Fund, Juvenile Justice Trust Fund

Statutory Authority: 325 ILCS 27/410 ILCS 212/15

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 72,352.2	$ 66,842.4	$ 113,690.8	$ 74,879.3	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 72,352.2	$ 66,842.4	$ 113,690.8	$ 74,879.3	$ -
* Average monthly full-time equivalents	12.0	15.0	17.0	18.0	-
Output Indicators					
* Number of Teen REACH participants (a)	14,103	14,903	14,000	13,158	N/A
* Number of CCBYS recipients	6,879	6,997	6,800	6,962	6,900
Outcome Indicators					
* Proportion of 10th grade children reporting use of marijuana in the past month	18.0%	16.6%	18.3%	16.6%	16.0%
* Proportion of 10th grade children reporting use of alcohol in the past month	25.7%	33.2%	33.0%	27.4%	26.0%
* Proportion of CCBYS recipients that are referred by law enforcement organizations	38.9%	44.6%	40.0%	46.5%	40.0%
* Proportion of CCYBS recipients whose cases are closed due to family reunification (or successful completion)	83.4%	89.6%	88.5%	92.0%	88.5%
* Percent of live births to 15-17 year olds as a percent of births to women under age 20	17.9%	16.6%	15.0%	13.3%	11.7%
* Percent of live births to 15-17 year olds as a percent of births to women of all ages	N/A	N/A	2.8%	2.2%	2.0%
External Benchmarks					
* National proportion of 10th grade children reporting use of marijuana in the past month	18.1%	17.0%	17.0%	18.0%	18.5%
* National proportion of 10th grade children reporting use of alcohol in the past month	26.0%	26.0%	27.6%	25.7%	25.0%
* National birth rate of teen-aged women (15-17 years of age)	15.40%	15.00%	15.00%	15.00%	15.00%

Footnote

(a) The Teen Reach program was eliminated in both fiscal year 2016 Proposed Budgets (Governor and Legislature). At this time, they are currently waiting for the final budget to see if the program is reinstated. No contracts have been issued although they are completed and awaiting final budget decision.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS (Continued)
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Family and Community Services – Early Intervention

Mission Statement: Improves the health and well-being of families and individuals through partnerships and services that build community competence and provide resources and supports that assist families who have infants and toddlers, birth to age three, with diagnosed disabilities, developmental delays or substantial risks of developmental delays to maximize their child's development, while respecting the diversity of families and communities.

Program Goals:

Objectives:

1. Reach as many infants and toddlers with disabilities and developmental delays as possible at the youngest age possible.
   a. By June 30, 2015 the percent of children currently receiving Early Intervention (EI) services that are under age 1 will be at least 10%.

Source of Funds: General Revenue Fund, DHS Special Purpose Trust Fund, Early Intervention Services Revolving Fund
Statutory Authority: 40 ILCS 212/1-25/410 ILCS 21

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 279,758.8	$ 302,729.9	$ 313,298.9	$ 306,008.7	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 279,758.8	$ 302,729.9	$ 313,298.9	$ 306,008.7	$ -
* Average monthly full-time equivalents	8.3	7.8	17.0	17.0	-
Output Indicators					
* Family fees collected by EI (in thousands)	$ 3,623.0	$ 3,977.7	$ 4,216.4	$ 4,119.3	$ 4,216.4
* Number of EI service coordinators in provider agencies	397.0	450.0	480.0	435.0	450.0
* Amount of federal reimbursement received by EI Individuals with Disabilities Education Act (IDEA) Part C (in thousands)	$ 17,470.8	$ 16,246.7	$ 16,890.3	$ 16,890.3	$ 16,583.7
* Amount of federal Medicaid reimbursement received by EI (in thousands)	$ 44,503.0	$ 53,998.6	$ 54,000.0	$ 54,117.5	$ 54,000.0
* Number of new initial EI IFSP's (Individualized Family Service Plans) developed	19,216	19,783	21,000	15,704	18,000
* Number of children who have EI IFSP's	19,585	21,055	21,500	21,387	22,000
Outcome Indicators					
* Percentage of children living in Illinois who are under age 3 who are served by EI	3.8%	3.9%	4.0%	4.5%	4.55%
* Percentage of children living in Illinois under age 1 who are served by EI	1.29%	1.35%	1.40%	1.50%	1.55%
* Percentage of children who are leaving at age 3 who are special education eligible or getting other referral from EI	7.47%	77.03%	100.00%	78.00%	100.00%
* Percentage of children receiving EI services who are under age 1	10.5%	10.3%	10.0%	10.3%	10.0%
External Benchmarks					
* Percentage of children under age 1 who are served by EI	1.2%	1.5%	1.51%	1.1%	1.1%
* National percentage of children under the age of 3 who are served by EI	2.77%	4.23%	4.50%	4.23%	4.50%

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS (Continued)
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Home Services

Mission Statement: The mission of the Division of Rehabilitation Services is to assist individuals with disabilities in achieving their goals in the areas of employment, education and independent living.

Program Goals:

Objectives:

1. Provide World Class Customer services and supports to individuals with disabilities assisting them in achieving their independent living goals.
   a. By June 30, 2015 increase the number of persons receiving needed in-home services by 1% over the number for fiscal year 2012.
   b. By June 30, 2015 assist 145 persons in moving out of nursing homes into community residences.
   c. By June 30, 2015 develop new service plans for 3,750 individuals needing in-home care.

Source of Funds: General Revenue Fund
Statutory Authority: 20 ILCS 2405/3

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 569,296.1	$ 568,143.3	$ 585,717.4	$ 603,285.7	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 569,296.1	$ 568,143.3	$ 585,717.4	$ 603,285.7	$ -
* Average monthly full-time equivalents	252.5	261.5	334.0	334.0	-
Output Indicators					
* Persons with disabilities receiving in-home services to prevent institutionalization	31,406	30,357	32,035	29,595	30,125
* New service plans developed	3,096	3,709	3,750	3,769	3,845
Outcome Indicators					
* Persons moved out of nursing homes	145.0	118.0	145.0	129.0	145.0
Efficiency/Cost-Effectiveness Indicators					
* Average monthly cost of in-home services per client (in dollars)	$ 1,322.00	$ 1,391.00	$ 1,415.00	$ 1,502.00	$ 1,525.00

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS (Continued)
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Mental Health – Community & Facility Services

Mission Statement: The Division of Mental Health envisions a well-resourced transformed mental health system that is consumer directed, community focused, and provides a continuum of culturally inclusive programs which are integrated, effective, and provide a range of services that support health and lifelong development through equal access, promotion of recovery and resilience.

Program Goals:

Objectives:

1. Foster the continual development of a comprehensive public mental health system of care.
   a. By June 30, 2015 for all individuals admitted, the continuity of care between State Hospital and community services will be maintained as reflected by a re-admission rate within 30 days of discharge of less than or equal to 14%.
   b By June 30, 2015 maintain the quality of state hospital services by maintaining an average staff to patient ratio of at least 1.9:1.

Source of Funds: General Revenue Fund, DHS Federal Projects Fund, Community Mental Health Services Block Grant Fund
Statutory Authority: 20 ILCS 1705 et. al.

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 587,737.7	$ 599,433.3	$ 661,468.9	$ 586,397.0	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 587,737.7	$ 599,433.3	$ 661,468.9	$ 586,397.0	$ -
* Average monthly full-time equivalents	2,064.6	2,189.6	2,534.2	2,537.2	-
Output Indicators					
* Number of individuals served in DHS/DMH Assertive Community Treatment (ACT) program	979.0	1,206	1,250	1,075	1,090
* Number of juveniles found eligible for mental health juvenile justice services	276.0	252.0	252.0	311.0	311.0
Outcome Indicators					
* Percent of re-admissions to state hospitals within 30 days of discharge	14.5%	13.0%	14.5%	14.0%	14.0%
Efficiency/Cost-Effectiveness Indicators					
* Staff to patient ratio in state hospitals (#:1)	2.0	1.8	1.8	1.9	1.9

Mental Health – Sexually Violent Persons Program

Mission Statement: The mission of the Treatment and Detention Facility (TDF) is to provide residents with intensive, specialized sex offender treatment within a safe, secure environment necessary to protect residents, facility staff, and the community.

Program Goals:

Objectives:

1. Manage a highly secure environment for the protection of program staff and visitors, court-ordered detainees, and civilly committed sexually violet persons, as well as state and personal property.
   a. By June 30, 2015 manage the Treatment and Detention Program to achieve an average annual cost per detainee/sexually violent person of $51,192 or less.
2. Through the provision of effective treatment, reduce victimization, protect the survivors of sexual violence, and make transition to communities safer.
   a. By June 30, 2015 complete evaluations of all referrals from the Department of Corrections and admit those as appropriate, resulting in a census of 582 or less at the Treatment and Detention Facility.
   b. Through June 30, 2015 ensure successful transition to the community of all individuals who are conditionally discharged from the Treatment and Detention Facility resulting in no more than four (4) readmissions/returns to the facility.

Source of Funds: General Revenue Fund
Statutory Authority: 725 ILCS207

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 23,983.5	$ 30,658.5	$ 29,982.8	$ 31,745.9	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 23,983.5	$ 30,658.5	$ 29,982.8	$ 31,745.9	$ -
* Average monthly full-time equivalents	190.0	206.0	250.4	250.4	-
Output Indicators					
* Number of detainees and sexually violent persons in the TDF	517.0	546.0	582.0	546.0	546.0
Outcome Indicators					
* Number of detainees revoked from conditional release and returned to the TDF	7.0	4.0	4.0	8.0	8.0
Efficiency/Cost-Effectiveness Indicators					
* Annual cost per detainee/sexually violent person in the TDF (in dollars)	$ 43,310.00	$ 54,804.00	$ 51,192.00	$ 56,702.00	$ 56,702.00

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SERVICE EFFORTS AND ACCOMPLISHMENTS (Continued)
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Vocational Rehabilitation

Mission Statement: The Division of Rehabilitation Services assists individuals with disabilities in achieving their goals in the areas of employment, education and independent living.

Program Goals:

Objectives:

1. Provide World Class Customer services and supports to individuals with disabilities, assisting them in achieving their employment goals.
   a. By June 30, 2015 increase the number of persons in supported employment to 1.650.
   b. By June 30, 2015 increase the rehabilitation rate (success rate) to 56.0.
   c. By June 30, 2015 increase the number of new applications taken to 16,860.
   d. By June 30, 2015 increase the average hourly wage earned by customers to $10.85.

Source of Funds: General Revenue Fund, Illinois Veterans' Rehabilitation Fund, Vocational Rehabilitation Fund
Statutory Authority: 20 ILCS 2405

	Fiscal Year 2013 Actual	Fiscal Year 2014 Actual	Fiscal Year 2015 Target/Projected	Fiscal Year 2015 Actual	Fiscal Year 2016 Target/Projected
Input Indicators					
* Total expenditures - all sources (in thousands)	$ 113,720.8	$ 12,014.5	$ 170,212.9	$ 123,874.0	$ -
* Total expenditures - state appropriated funds (in thousands)	$ 113,720.8	$ 12,014.5	$ 170,212.9	$ 123,874.0	$ -
* Average monthly full-time equivalents	480.0	441.0	555.8	250.4	-
Output Indicators					
* New applications taken	16,104	16,058	16,860	15,054	16,350
* New service plans developed	11,658	12,099	12,710	11,293	12,150
Outcome Indicators					
* Persons in supported employment	1,553	1,576	1,650	1,168	1,400
* Persons competitively employed	5,011	5,155	5,500	5,442	6,000
* Rehabilitation rate (success rate)	53.7	51.5	56.0	52.1	54.5
* Average hourly wage earned by Vocational Rehabilitation customers (in dollars)	$ 10.40	$ 10.42	$ 10.85	$ 10.34	$ 10.85
Efficiency/Cost-Effectiveness Indicators					
* Average lifetime cost per rehabilitation (in dollars)	$ 4,393	$ 4,485	$ 4,625	$ 4,904	$ 4,950

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SCHEDULE OF INDIRECT COST REIMBURSEMENTS
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

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 2015. 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 2014. 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 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, 2015 and 2014:

Fiscal Year 2015

Program	
Food Stamp Program	$ 15,369,759
Temporary Assistance for Needy Families (TANF)	6,870,501
Child Care Development Fund	9,406,938
Social Service Block Grant (SSA, Title XX)	294,463
Substance Abuse Prevention and Treatment Block Grant	1,588,676
Supplemental Nutrition Program for Women, Infants and Children (WIC)	748,653
Maternal and Child Health Block Grant (SSA, Title V)	644,610
Social Security Disability Program (SSA, sec. 221(b))	619,371
Vocational Rehabilitation	1,485,331

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPLIANCE EXAMINATION
SCHEDULE OF INDIRECT COST REIMBURSEMENTS (Continued)
FOR THE TWO YEARS ENDED JUNE 30, 2015
(Unaudited)

Fiscal Year 2014

Program	
Food Stamp Program	$ 15,627,185
Temporary Assistance for Needy Families (TANF)	6,588,338
Child Care Development Fund	8,569,601
Social Service Block Grant (SSA, Title XX)	289,773
Substance Abuse Prevention and Treatment Block Grant	1,038,391
Supplemental Nutrition Program for Women, Infants and Children (WIC)	1,182,795
Maternal and Child Health Block Grant (SSA, Title V)	721,805
Social Security Disability Program (SSA, sec. 221(b))	434,172
Vocational Rehabilitation	1,344,917

(Concluded)