

IN THE EXECUTIVE ETHICS COMMISSION  
OF THE STATE OF ILLINOIS

IN RE: DEPARTMENT OF )  
HUMAN SERVICES, ) OEIG Case #14-01780

OEIG FINAL REPORT (REDACTED)

Below is an amended final summary report from an Executive Inspector General. The General Assembly has directed the Executive Ethics Commission (Commission) to redact information from this report that may reveal the identity of witnesses, complainants or informants and “any other information it believes should not be made public.” 5 ILCS 430/20-52(b).

The Commission exercises this responsibility with great caution and with the goal of balancing the sometimes-competing interests of increasing transparency and operating with fairness to the accused. In order to balance these interests, the Commission may redact certain information contained in this report. The redactions are made with the understanding that the subject or subjects of the investigation have had no opportunity to rebut the report’s factual allegations or legal conclusions before the Commission.

The Commission received this report from the Governor’s Office of Executive Inspector General (“OEIG”) and a response from the agency in this matter. The Commission, pursuant to 5 ILCS 430/20-52, redacted the final report and mailed copies of the redacted version and responses to the Attorney General, the Governor’s Executive Inspector General, and the Department of Human Services.

The Commission reviewed all suggestions received and makes this document available pursuant to 5 ILCS 430/20-52.

**FINAL REPORT**

**I. INTRODUCTION AND ALLEGATIONS**

The Illinois Department of Human Services (DHS) provides funding through its Child Care Assistance Program (CCAP) for low-income families to receive child care services. Throughout the State, CCAP-subsidized child care is provided, in large part, by more than 50,000 non-contracted, private providers.<sup>1</sup> The State reimburses these providers based on the attendance of children eligible to receive assistance through the program. Each provider reports the attendance to its assigned Child Care Resource & Referral (CCR&R) agency<sup>2</sup> which administers the CCAP for DHS.

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<sup>1</sup> Non-contracted child care providers will be referred to as “non-contracted child care providers,” “non-contracted providers,” “child care providers,” or “providers” hereafter in this report unless otherwise specified.

<sup>2</sup> CCR&R agencies will be referred to as either “CCR&R agencies” or “agencies” hereafter in this report.

In December 2013, the OEIG concluded an investigation (09-01147) finding that DHS was not adequately monitoring non-contracted child care providers, and that one provider fraudulently billed and was paid more than \$200,000 for children who did not actually attend daycare.<sup>3</sup> In response, DHS stated that it was in agreement with the OEIG's findings, and claimed that DHS had *already* put a new system in place to better monitor these non-contracted providers. DHS also suggested that they could show this new system was effective in reducing improper payments to providers.

On September 4, 2014, the OEIG received a complaint alleging, among other things, that [Daycare Center]—a CCAP-subsidized child care provider—was billing the State for children who no longer attended.<sup>4</sup> Given DHS' previous response that it had an effective system in place to detect and prevent such fraudulent billing, the OEIG investigated whether DHS had, in fact, implemented the process it claimed to have implemented. Though investigators determined that [Daycare Center] was not improperly billing,<sup>5</sup> the OEIG concluded that DHS has not, at least as of September 2015, actually implemented the process it previously detailed to the OEIG, and it has not been adequately monitoring non-contracted child care providers to prevent fraudulent billing.

## II. BACKGROUND

### A. Review Of Child Care Assistance Program And 80% Attendance Rule

The CCAP is a child care program administered by DHS that provides child care subsidies to low-income families that are seeking child care assistance.<sup>6</sup> The CCAP is funded by federal funds,<sup>7</sup> and federal law provides that DHS “retain[s] overall responsibility for the administration of” the CCAP,<sup>8</sup> and must monitor CCAP programs and services, oversee the expenditure of funds by sub-grantees and contractors, ensure compliance with CCAP rules, and

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<sup>3</sup> This investigation, number 09-01147, is discussed in more detail below.

<sup>4</sup> The OEIG also received information that [Daycare Center] does not provide proper nutrition to the children in its care, maintains unsanitary conditions, and provides child care services to children for whom it is not licensed to care. The OEIG referred these allegations to the Illinois Attorney General.

<sup>5</sup> Although the complaint did not provide the names of the children for which [Daycare Center] allegedly improperly billed, investigators nevertheless obtained and reviewed [Daycare Center's] 2014 daily attendance and parent sign-in sheets, and compared these documents to [Daycare Center's] monthly Billing Certificates. Investigators determined that any discrepancies were negligible. Nonetheless, investigators further reviewed four randomly-selected months' worth of Billing Certificates and the corresponding attendance records. Investigators determined that [Daycare Center] reported attendance levels during these months of between 91% and 99%, and that these figures were supported by the attendance records. Because of the 80% Attendance Rule, discussed further below, [Daycare Center] qualified for and appropriately received full payment for each of these months. Accordingly, the allegation that [Daycare Center] received improper payments is **UNFOUNDED**.

<sup>6</sup> DHS, Illinois Annual Child Care Report FY 2014, *available at* <http://www.dhs.state.il.us/page.aspx?item=80047> (last visited Dec. 3, 2015).

<sup>7</sup> Specifically, CCAP is funded by the federal Child Care and Development Fund, Title XX Social Services Block Grant, Temporary Assistance for Needy Families, and by State General Revenue Funds. *Id.* DHS is the direct recipient of the federal funds used to finance the CCAP and administers the program.

<sup>8</sup> 45 C.F.R. § 98.11(a).

promulgate other necessary rules to govern the administration of the CCAP.<sup>9</sup> DHS' rules governing the CCAP are contained in relevant provisions of the Administrative Code,<sup>10</sup> as well as DHS' Child Care Program Manual.<sup>11</sup>

DHS' Program Integrity Quality Assurance unit (PIQA), [REDACTED], is charged with monitoring child care providers that participate in the CCAP. According to [Employee 1], DHS contracts directly with approximately 35 to 40 contracted child care providers in the State to provide services in conjunction with the CCAP, and oversees more than 50,000 non-contracted providers that also provide child care services that the CCAP subsidizes. All providers participating in the CCAP are paid in accordance with DHS' 80% Attendance Rule, which sets forth a formula for payment based on monthly child attendance rates at each facility.<sup>12</sup> According to this policy, providers must divide the total number of days that children at the facility who are eligible to receive assistance from the CCAP actually attended the facility by the total number of days those children were eligible to receive assistance. If the resulting monthly attendance rate of those children is 79.5% or greater, the provider will receive 100% payment for all of the children in the CCAP who attended the facility at least one time that month.

In order to receive payment, non-contracted child care providers are required to submit a monthly Billing Certificate to their CCR&R agency indicating the number of days each CCAP eligible child attended the facility that month.<sup>13</sup> CCR&R agency staff will then enter this information and the total number of days each child was eligible to receive assistance for that month into the DHS computer system, and the provider's monthly attendance percentage and payment due will be automatically calculated accordingly. When submitting each monthly Billing Certificate, every provider must certify that the information provided is complete and accurate.

## **B. OEIG Investigation #09-01147**

In December 2013, the OEIG issued a report detailing an investigation which revealed that non-contracted child care provider Edmy Roman had fraudulently billed the State for children who did not attend her daycare, Jumpstart Dual Learning Academy (Jumpstart).<sup>14</sup> Specifically, investigators discovered that for 22 months in a row, Jumpstart reported anywhere from 96% to 100% attendance for all children participating in CCAP—including 10 months at 100% and 9 months at 99%—despite the fact that the actual attendance rate for these children

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<sup>9</sup> 45 C.F.R. § 98.11(b). *Cf.* Child Care and Development Fund State Plan for Illinois, FFY 2014-2015 at 10 (<http://www.dhs.state.il.us/OneNetLibrary/27897/documents/HCD%20Reports/Child%20Care/ILCCDFPlanfinal10113.pdf>).

<sup>10</sup> 89 Ill. Adm. Code 50.

<sup>11</sup> DHS Child Care Program Manual, *available at* <http://www.dhs.state.il.us/page.aspx?item=9877> (last visited Jan. 19, 2016).

<sup>12</sup> DHS Child Care Program Manual, Sec. 06.03.01 (10/27/10). This rule was revised in 2013, but the relevant calculation remains the same.

<sup>13</sup> DHS Child Care Program Manual, Sec. 06.01.01 (eff. 4/1/04, rev. 6/10/13).

<sup>14</sup> The Executive Ethics Commission (EEC) publicly released this report on April 7, 2014. The report and DHS' response can be found at <https://www.illinois.gov/eec/Documents/04.07.14%20Saterfield,%20Roman%20and%20Jumpstart%20Dual%20Language%20Academy.pdf>.

was well below, at 61% to 85%. Due to this fraudulent attendance reporting, Jumpstart inappropriately received 100% payment for 17 of those months, where actual attendance was below 80%. In total, Jumpstart received approximately \$232,584 it was not entitled to receive.

The OEIG also found that Jumpstart was able to perpetuate such serious fraud because DHS had failed to implement sufficient internal controls to minimize and detect improper or fraudulent billings by the tens of thousands of providers receiving funds from DHS. As a result, the OEIG recommended, among other things, that DHS “monitor additional non-contracted providers, or amend the CCR[&]R agency contracts to require CCR[&]R agencies to compare attendance records to Certificate Reports, or to, at a minimum, address instances in which providers are consistently billing at or near 100% attendance levels.”

### **C. DHS Response To OEIG Investigation #09-01147**

Because the OEIG issued a finding against DHS, the State Officials and Employees Ethics Act (Ethics Act) required DHS to respond, in writing, to the OEIG’s report, and “include a description of any corrective or disciplinary action to be imposed.”<sup>15</sup> On January 29, 2014, DHS submitted a letter responding to the OEIG report.<sup>16</sup>

In the letter, DHS stated that it agreed with the OEIG’s recommendations and claimed that it had previously issued a memorandum in July 2012 to the CCR&R agencies “clarifying the process to be followed when a [non-contracted] provider submits a certificate indicating 100% attendance for all children.” DHS then detailed the 100% Certificate Billing Verification Process (hereinafter “100% Billing Verification Process”) that the CCR&Rs allegedly were required to follow. The 100% Billing Verification Process is set forth below:<sup>17</sup>

#### **First month provider reports 100% attendance**<sup>18</sup>

- The CCR&R agency must:
  1. call the provider and explain the 80% Attendance Rule;
  2. inform the provider of CCAP training opportunities;
  3. offer the provider an opportunity to meet with CCR&R staff to discuss proper billing practices; and
  4. send a form letter to the provider indicating that any additional months at or near 100% reported attendance will require documentation verifying attendance, and will require face-to-face billing training with CCR&R staff.

#### **Second and subsequent month(s) provider reports 100% attendance**

- The CCR&R agency must:

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<sup>15</sup> 5 ILCS 430/20-50(a).

<sup>16</sup> DHS’ response letter is included as Attachment A.

<sup>17</sup> In addition to taking the following steps, the letter indicated that the CCR&Rs are required to maintain all corrective action plans and documentation of training and conversations with providers regarding the issue of 100% attendance reporting.

<sup>18</sup> As noted in the preceding paragraph, these procedures apply only when a provider reports 100% attendance for all CCAP-eligible children at a child care facility.

1. require and review documentation verifying attendance prior to processing the monthly Billing Certificate; and
2. meet with the provider for billing training if the reported attendance is not supported by documentation.

### **Third month in a row provider reports 100% attendance**

- The CCR&R agency must:
  1. include the provider on a report sent to the PIQA unit each month listing providers who consistently report at or near 100% attendance; and
- The DHS PIQA unit must:
  1. analyze the billings of the provider; and
  2. schedule an on-site monitoring review of the provider.<sup>19</sup>

Finally, after detailing this process—again, allegedly implemented in July 2012—DHS stated that evidence suggested it had already “served as an effective method of reducing 100% billing and will continue to reduce the number of improper payments made.”

## **III. INVESTIGATION**

Given the fact that the OEIG received an allegation that a provider might be fraudulently billing the State for services *after* the 100% Billing Verification Process had allegedly been put in place, the OEIG decided to investigate whether DHS actually did implement the 100% Billing Verification Process.

### **A. OEIG Request To DHS For Relevant Documents And DHS’ Response**

The OEIG initially requested from DHS the July 2012 memorandum to the CCR&R agencies that was mentioned in DHS’ January 2014 response letter to the OEIG. DHS provided the OEIG with a copy of a July 18, 2012 memorandum from DHS’ [Official 1] to the State CCR&R agencies, and a July 19, 2012 “follow-up” email from [Employee 1] to the CCR&R agencies. Each correspondence is discussed below.

#### **1. July 18, 2012 [Official 1] Memorandum**

On July 18, 2012, [Official 1] sent a memorandum to the CCR&R agencies to clarify the CCAP 80% Attendance Rule. [Official 1’s] memorandum stated the following:

- *You, the eligibility and payment staff, have the right to request further documentation when practices send up a red flag, such as providers **consistently** billing whole centers/caseloads or a substantial number at 100% attendance. Please note the emphasis on “consistently.” As we discussed in our calls, no*

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<sup>19</sup> According to the letter, DHS will also issue an overpayment letter to the provider if deemed appropriate by the PIQA unit.

*further action is probably needed for occasional/one-time 100% attendance billing or for an individual child/case billed at 100% for a month.*

- *Even for the one-time/occasional providers that are billing a whole center/caseload at 100% attendance, a phone call or email to them noting this practice and what they should be doing differently is warranted, as part of your technical assistance to providers. What they should be doing: recording/reporting **actual** attendance and eligible days for each child.*
- *The further documentation you would request, if warranted, would be the sign in/out sheets from the provider. This may be after a few months of 100% attendance billing. In conjunction with the request for this additional information, as hopefully with ALL requests for additional information, you will again give the provider an explanation of why you are requesting this and what they should be doing different (noting **actual** attended and eligible days) (italics added).*

While [Official 1's] memorandum informed the CCR&R agencies that they should contact providers who report 100% attendance and explain proper billing procedures, it did not contain the detailed steps of the 100% Billing Verification Process, detailed in DHS' January 2014 response letter to the OEIG. Specifically, among other things, there was no indication in the memorandum that action by the CCR&R agencies was required, and there was no mention of the CCR&R agencies having to report to DHS the names of providers consistently reporting 100% attendance.

## **2. July 19, 2012 [Employee 1] Email**

The day after [Official 1's] memorandum, [Employee 1] sent a "follow-up" email to the CCR&R agencies. [Employee 1's] email explained that "it has been recognized that for some time there are a certain number of providers who consistently appear to bill for the full number of eligible days regardless of actual child attendance." [Employee 1] stated he was "therefore asking that when your subsidy specialists identify such providers, I be made aware of them for possible review of their attendance records by our monitoring staff," and stated he "would like to proceed in the following fashion:

1. *For those providers who consistently bill 100% of their eligible days for more than 3 months in a row I am requesting that you provide me with the following; The provider name, FEIN, all of the months in question, and the specific address and address indicators. A contact person's name and phone number would be appreciated but is not required. **Do not send any files or records at that time.***
2. *The PIQA unit will review the provider billings to verify the pattern and order the requisite reports and attempt to schedule the monitoring review. We will review the provider attendance records including the monthly attendance report, the sign in/sign out sheets, and meal records if available. In addition, the monthly certificates will be compared to these records.*

3. *Understandably, since we have no reports, I do not know if this request will yield a dozen providers or hundreds. Therefore, as our contracted providers are completed, we will be able to focus our attentions more on such centers as are brought to our attention and time permits.*
4. *I would also request that for those CCR&R's for which no such billings have been discovered, they report that back to me as well.*
5. *With the limited number of monitoring staff the Bureau has, (four) time has taught us to work smarter, not harder. If some of you question this as a valid technique, I can only tell you that for the few providers we have stumbled upon, their billings amounted to significant amounts, in the millions for the years they were functioning, and none were able to produce the majority of their records, and the ones they did produce did not come close to justifying their billings. So, by removing these types of providers from the program, we conserve the dollars we have for the services actually needed for our clients” (italics added).*

Unlike [Official 1's] memorandum, [Employee 1's] email detailed procedures that DHS wanted followed when providers consistently reported 100% attendance for more than three months. [Employee 1's] email is the only correspondence between DHS and the CCR&R agencies that asks the CCR&R agencies to send DHS a list of providers consistently reporting 100% attendance, and is the only correspondence that explains that DHS will review these providers' billings and attempt to schedule on-site monitoring reviews. However, [Employee 1's] email did not include any other instruction to the CCR&R agencies with respect to providers reporting 100% attendance, including whether they are required to take any action when providers report 100% attendance on only one, two, or three occasions.

#### **B. OEIG Review Of Correspondence Between CCR&R Agencies And DHS Regarding Providers Reporting 100% Attendance**

Investigators requested from DHS any and all reports sent from CCR&R agencies to DHS from July 2012 onward identifying providers that had consistently reported 100% attendance, as required by the 100% Billing Verification Process and as requested of the CCR&R agencies by [Employee 1] in his July 2012 email. In response, DHS indicated that it received only the following from the CCR&R agencies:

- Three emails from one CCR&R agency and one email from another CCR&R identifying a total of 13 non-contracted providers that consistently reported 100% attendance.<sup>20</sup> These emails are listed below:

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<sup>20</sup> A fifth email sent to [Employee 1] by a third CCR&R agency indicated that it was reviewing the attendance records of a provider who reported 100% attendance and asked [Employee 1] a question, but did not include the name of the provider. DHS did not provide the OEIG with any documentation showing that the CCR&R subsequently sent this information to [Employee 1].

<b>Date of Email</b>	<b>Sender</b>	<b>CCR&amp;R Agency</b>	<b># of Providers</b>
8/8/2012	[Representative1]	Children's Home and Aid	8
9/14/2012	[Representative1]	Children's Home and Aid	1
10/24/2012	[Representative1]	Children's Home and Aid	2
1/8/2013	[Representative2]	CCR&R John A. Logan College	2

Notably, [Employee 1] never received an email from any CCR&R agency stating that no providers had consistently reported 100% attendance, despite having asked them to do so in his email.

Investigators also contacted Illinois Action for Children (IAFC), the largest CCR&R agency in the State, and asked for a list of any and all child care providers that reported 100% attendance three or more months in a row from July 2012 onward. In response, investigators received a list of nearly 100 different non-contracted child care providers that had reported 100% attendance three or more months in a row from July 2012 to March 2015. Based on the documents produced by DHS to the OEIG, IAFC never reported these providers to DHS.

Finally, investigators learned that of the 13 child care providers reported to DHS as having consistently reported 100% attendance, DHS conducted on-site monitoring reviews—as required by the 100% Billing Verification Process—at only four. These on-site monitoring reviews were conducted between April 29, 2013 and May 9, 2013.<sup>21</sup>

### **C. OEIG Interviews Of CCR&R Agency Employees Regarding DHS Correspondence**

Investigators sought to determine the CCR&R agencies' understanding of their obligations after the DHS July 2012 memorandum and email. Accordingly, between June 15 and September 1, 2015 investigators interviewed the following representatives of several CCR&R agencies:

<b><u>Name</u></b>	<b><u>CCR&amp;R Agency</u></b>
[Representative 3]	Child Care Resource & Referral
[Representative 1]	Children's Home and Aid
[Representative 4]	YWCA Child Care Solutions
[Representative 5]	Child Care Resource and Referral Network
[Representative 6]	Illinois Action for Children
[Representative 7]	Illinois Action for Children

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<sup>21</sup> The OEIG was provided with “outcome letters” sent by DHS to these four providers, though no underlying documentation or monitoring reports were included. The outcome letters revealed that no action was required of three of the monitored providers, and that the fourth provider owed DHS approximately \$669 in funds it had been overpaid.

These individuals stated the following during their respective interviews:

- Neither [Representative 3], [Representative 5], nor [Representative 4], understood that the suggestions discussed in [Official 1's] July 2012 memorandum and [Employee 1's] July 2012 email were meant to be requirements of the CCR&Rs.
- [Representative 7] stated that he understood the steps in [Official 1's] memorandum to be requirements. [Representative 6] stated that he was not familiar with either [Official 1's] memorandum or [Employee 1's] email before his interview, but feels that anything sent out by DHS should be followed.
- [Representative 5], [Representative 6], and [Representative 7] stated that their respective CCR&R agencies did keep track of providers consistently reporting 100% attendance, but they never sent this information to DHS. [Representative 3] stated that her CCR&R agency kept track of providers consistently reporting 100% attendance for a few months because they thought it was a good idea, but stopped in October 2012 because DHS said they did not need to do this.<sup>22</sup>
- [Representative 1] stated she sent a list of providers consistently reporting 100% attendance to DHS on more than one occasion in the fall of 2012 after receiving [Official 1's] July 2012 memorandum and [Employee 1's] July 2012 email; however, no one at DHS ever responded to [Representative 1's] emails, so she stopped tracking these providers thereafter.
- [Representative 3], [Representative 1], [Representative 4], [Representative 5], and [Representative 6]<sup>23</sup> all stated that no one from DHS contacted their agencies after the sending of [Official 1's] July 2012 memorandum and [Employee 1's] July 2012 email to ask whether they had any providers consistently reporting 100% attendance, or to otherwise inquire about 100% attendance reporting.

#### **D. DHS' April 2015 Policy Update**

On April 17, 2015, approximately six months after the OEIG began investigating DHS' implementation of its 100% Billing Verification Process, DHS amended its policy regarding the CCAP 80% Attendance Rule.<sup>24</sup> The amended policy does not include the specific 100% Billing Verification Process steps that were set forth in DHS' January 2014 response letter to the OEIG. Rather, the policy amendment refers to [Official 1's] July 2012 memorandum, and added

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<sup>22</sup> On August 6, 2015, investigators interviewed DHS employee [Employee 1], the individual [Representative 3] identified as having told her she did not have to continue to keep track of providers consistently reporting 100% attendance. [Employee 1] stated that he could not recall telling the CCR&R agencies to not keep track of providers that consistently reported 100% attendance, and did not think anyone else at DHS would have told them that either.

<sup>23</sup> [Representative 7] was not asked about this during his interview as [Representative 6], his coworker, had already been asked.

<sup>24</sup> See <http://www.dhs.state.il.us/page.aspx?item=10862> (last visited Jan. 5, 2016).

language from that memorandum to the text of the policy. Specifically, the policy was updated to include the following:

Please refer [to] the most recent Policy Clarification Memo referenced above. The full memo may be accessed in Section 06 of this manual. This clarification provides guidance to eligibility and payment staff when providers consistently submit billing for whole centers/caseloads or a substantial number at 100% attendance. It does not imply that staff should request/demand documentation from providers en masse. The guidance applies to all providers participating in the Child Care Assistance Program (CCAP), both Site Administered and Certificate. To ensure effective implementation of the 80% Attendance Rule:

- Eligibility and payment staff, have the right to request further documentation when practices send up a red flag, such as providers consistently billing whole centers/caseloads or a substantial number at 100% attendance.
- For the one-time/occasional providers that are billing a whole center/caseload at 100% attendance, a phone call or email to them noting this practice and what they should be doing differently is warranted, as a part of your technical assistance to providers. What they should be doing: recording/reporting actual attendance and eligible days for each child.
- The further documentation you would request, if warranted, would be the sign in/out sheets from the provider. This may be after a few months of 100% attendance billing. In conjunction with the request for this additional information, as hopefully with ALL requests for additional information, you will again give the provider an explanation of why you are requesting this and what they should be doing differently (noting actual attended and eligible days).

The amended policy does not set forth the steps the CCR&R agencies “must” take when providers report 100% attendance once or twice, nor does it *require* the CCR&R agencies to request or review attendance records from non-contracted child care providers that consistently report 100% attendance. In addition, the policy update makes no mention of the CCR&R agencies keeping track of providers that report 100% attendance, reporting providers that do consistently report 100% attendance to DHS, or whether DHS is to take any action with respect to these providers.

#### **E. Interview Of [Employee 1]**

In addition to obtaining the above-discussed documents and conducting interviews of CCR&R agency representatives, investigators also interviewed [Employee 1].<sup>25</sup> [Employee 1] said the PIQA unit is responsible for monitoring the child care providers that participate in the CCAP. [Employee 1] stated that he handles overpayment issues, cases referred for investigations into potential fraud, and completes various reports for the federal government.

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<sup>25</sup> [Employee 1] was interviewed on September 30, 2015.

[Employee 1] said he is familiar with DHS' January 2014 response to OEIG investigation #09-01147, and probably contributed, at least in part, to most of its contents; he said other DHS employees likely contributed to the letter as well.

[Employee 1] stated that he helped formulate the 100% Billing Verification Process detailed in DHS' January 2014 response letter to the OEIG. [Employee 1] stated that he could not specifically recall what was sent to the CCR&R agencies regarding procedures to follow when providers report 100% attendance, but was sure something was sent to them "indicating the procedures they are to follow[.]" [Employee 1] admitted, however, that at the time DHS' January 2014 response letter was written, the CCR&R agencies were *not* actually required to follow the 100% Billing Verification Process procedures because they were not policy. [Employee 1] also admitted that, because the procedures detailed in [Official 1's] July 2012 memorandum and in his subsequent email were also not policy, the CCR&Rs were not required to follow those either. [Employee 1] stated that DHS nevertheless wanted the CCR&R agencies to follow all of these procedures when they encountered a provider reporting 100% attendance, and stated that the CCR&R agencies know that when DHS sends something out to them, they need to follow it. Despite this, [Employee 1] admitted that "there was probably nobody checking up on" whether the CCR&Rs actually were following the procedures, and added that there would never be a way for DHS to actually know whether CCR&R agencies were, in fact, following these procedures. [Employee 1] stated that ensuring that the CCR&R agencies were following the procedures in [Official 1's] memorandum was "pretty far down on the totem-pole" especially after January 2013, when they were involved in another project of implementing a new Child Care Management System.

When asked, then, whether the PIQA unit was following the procedures that DHS detailed in the January 2014 response letter to the OEIG, such as conducting billing analyses and on-site monitoring reviews of providers consistently reporting 100% attendance, [Employee 1] stated, "No . . . all of them, no." Ultimately, [Employee 1] stated that it is the responsibility of the PIQA unit to ensure that child care providers are accurately billing for the services provided, and that this is done during monitoring by the unit. [Employee 1] acknowledged that the PIQA unit only conducted on-site monitoring reviews of 4 of the 13 providers identified by providers as consistent 100% billers, though he also added that he would have reviewed any documentation sent to him by the CCR&R agencies about the others. [Employee 1] explained that the PIQA unit has "got more than we can handle on our plate right now," but acknowledged that "We did not follow up on what needed to be done."

Finally, [Employee 1] explained that DHS updated its CCAP 80% Attendance Rule policy in April 2015 to include the guidelines in [Official 1's] July 2012 memorandum. [Employee 1] stated that the policy was updated to include this language because "it was a good idea" to make these things "something that needs to be done" by the CCR&R agencies. [Employee 1] stated that a combination of many different issues ultimately led to this update in the policy, including possibly, the OEIG's inquiries related to this investigation.

## IV. ANALYSIS

### A. DHS Failed To Implement The 100% Billing Verification Process

DHS is responsible for overseeing the State of Illinois' Child Care Assistance Program. Accordingly, DHS—through its PIQA unit—is responsible for monitoring the CCR&R agencies that administer the CCAP. After the OEIG reported in December 2013 that a non-contracted child care provider had fraudulently billed the State for more than \$200,000, DHS agreed with the OEIG's recommendation to address instances in which providers are consistently billing at or near 100% attendance in an attempt to detect and prevent future fraud. In a January 2014 response to the OEIG, DHS described the 100% Billing Verification Process, laying out its steps, and stated that it would reduce the number of improper payments made.

However, the OEIG's investigation in this case revealed that the details of the 100% Billing Verification Process were never sent to the CCR&R agencies, the CCR&R agencies were never told that they were required to follow the procedures of the 100% Billing Verification Process nor was it made a DHS policy, and the CCR&R agencies have not been following the 100% Billing Verification Process due to a lack of guidance from DHS.

First, DHS suggested in its January 2014 response to the OEIG that procedures for the 100% Billing Verification Process had been instituted in July 2012. However, when the OEIG requested all correspondence that was sent to the CCR&R agencies on this subject, the only documentation that DHS was able to provide was the July 2012 memorandum from [Official 1] and [Employee 1's] follow-up email. [Official 1's] memorandum and [Employee 1's] email told the CCR&R agencies of their "right" to get information and requested a list of providers consistently billing at 100%. The letter and email, however, did not set out the steps to be followed according to the 100% Billing Verification Process, and neither stated that any action was *required* by the CCR&R agencies. For example, neither the memorandum nor the email makes any mention that the CCR&R agencies are required to meet face-to-face with providers that report 100% attendance on more than one occasion, despite this procedure being included in the 100% Billing Verification Process. Additionally, while [Official 1's] July 2012 memorandum to the CCR&R agencies stated that a phone call or email to a provider "is warranted" when a provider reports 100% attendance and that the CCR&R agencies have the "right to request" documentation from providers who consistently report 100% attendance, neither indicated or even suggested that those steps were *required*.

Second, and not surprising, the OEIG's investigation revealed that many of the CCR&R agencies interviewed did not understand that the details in [Official 1's] July 2012 memorandum and [Employee 1's] subsequent email required action by the CCR&R agencies. Because there was no clear direction given by DHS, some CCR&R agencies never kept track of providers that reported 100% attendance; several other CCR&R agencies did keep track of this information, but never sent this information to DHS; and one CCR&R that did keep track of this information and sent it to DHS never received any response, so it never sent any further information. At no time did [Employee 1] ever contact any of the CCR&R agencies to check on what steps the agencies were taking to help identify and prevent fraud. Ultimately, DHS' lack of communication with

the CCR&R agencies regarding the 100% Billing Verification Process left the CCR&R agencies unaware of what DHS wanted them to be doing.

Finally, even though DHS updated its 80% Attendance Rule policy in April 2015 to include language from [Official 1's] July 2012 memorandum, it did not include all the detailed steps set forth in the 100% Billing Verification Process.

The whole point of the 100% Billing Verification Process was to help identify situations in which fraud might be occurring in order to avoid the potential of hundreds of thousands of dollars in overpayments and lost funds, such as in the case of Jumpstart Dual Learning Academy (09-01147). Requiring the CCR&R agencies to identify consistent 100% billers is a viable way of alerting a provider of either their billing mistakes or preventing and limiting fraud at its inception. As it stands now, because the CCR&R agencies are not required to track providers that consistently report 100% attendance or to report those providers to DHS, DHS may never become aware of providers that are potentially perpetrating fraud and should be investigated. Implementing the procedures in the 100% Billing Verification Process could prevent and detect the same fraud that was committed by the owner of Jumpstart Dual Learning Academy that resulted in hundreds of thousands of dollars being wrongly paid to this *one* provider. Because there are approximately 50,000 non-contracted child care providers who are not monitored and thus, could be receiving overpayments or fraudulently billing DHS, it seems only reasonable that the CCR&Rs be required to report 100% billing by providers. [Employee 1] himself admitted that it is possible these providers could be perpetrating serious fraud on the State and no one would even know.

DHS clearly believed the 100% Billing Verification Process was an effective method at reducing overpayments and potentially preventing fraud, as it stated in its January 2014 response letter to the OEIG's prior report, and the OEIG agrees. However, DHS has yet to make the 100% Billing Verification Process policy, and has not taken steps to ensure that the procedures are being followed—regardless of whether it was policy or not. Merely identifying a solution is not sufficient, in and of itself, to deter or to detect fraud; action must also be taken.

Based on the foregoing, the allegation that DHS' failure to implement the 100% Billing Verification Process amounts to mismanagement is **FOUNDED**.<sup>26</sup>

## **B. [Employee 1] Failed To Properly Monitor The CCAP Program**

[Employee 1] [identifying information redacted]. [Employee 1] reviewed the OEIG's prior investigation regarding child care provider billing fraud, contributed to DHS' January 2014 response letter to the OEIG where DHS agreed to implement specific monitoring procedures, and was responsible for ensuring those procedures were implemented.

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<sup>26</sup> The OEIG concludes that an allegation is "founded" when it has determined that there is reasonable cause to believe that a violation of law or policy has occurred, or that there has been fraud, waste, mismanagement, misconduct, nonfeasance, misfeasance, or malfeasance.

As mentioned, the only correspondence that went to the CCR&R agencies regarding the 100% Billing Verification Process was [Official 1's] July 2012 memorandum and [Employee 1's] email the following day. [Employee 1] never followed-up with the CCR&R agencies to check whether they were, among other things, reaching out to providers that reported 100% attendance or conducting face-to-face training, and never reached out to any of the CCR&R agencies to inquire whether they had any providers consistently reporting 100% attendance despite the fact that they had not heard *anything* from 14 of the 16 CCR&R agencies. [Employee 1] informed investigators that ensuring the 100% Billing Verification Process was actually being followed was "pretty far down on the totem-pole" because other issues were more pressing.

Furthermore, when [Employee 1] was notified of consistent 100% attendance reporting, his unit failed to conduct the on-site monitoring as required by the 100% Billing Verification Process. After being informed of 13 child care providers that were consistently billing at 100%, [Employee 1's] unit only conducted on-site monitoring reviews of four of those providers. These reviews were completed in a two week period in 2013 but the remaining nine were never reviewed by the PIQA unit.

While DHS may have sought to have the CCR&R agencies assist in identifying potential provider billing fraud and detailed a procedure to effectuate that goal, it did not put that procedure into place or make it DHS policy. Had [Employee 1] simply called or emailed the CCR&R agencies to see whether any providers were consistently reporting 100% attendance, as the OEIG did with IAFC, [Employee 1] would have known that there are child care providers in the State that might be perpetrating fraud and that require his unit's attention. [Employee 1's] unit also did not conduct reviews it was required to do according to the 100% Billing Verification Process. Thus, given the foregoing, the allegation that [Employee 1] failed to properly implement and to require his unit to follow the 100% Billing Verification Process is **FOUNDED**.

## V. CONCLUSIONS AND RECOMMENDATIONS

As a result of its investigation, the OEIG concludes that there is **REASONABLE CAUSE TO ISSUE THE FOLLOWING FINDINGS**:

- **FOUNDED** – DHS engaged in mismanagement when it failed to implement the 100% Billing Verification Process.
- **FOUNDED** – [Employee 1] failed to adequately monitor the non-contracted child care providers receiving funds through the CCAP.

The OEIG recommends that DHS finally put into policy the steps detailed in the 100% Billing Verification Process to ensure the CCR&Rs are required to identify and help prevent fraudulent billing by the numerous non-contracted child care providers in the State. The OEIG further recommends that [Employee 1] be disciplined.

No further investigative action is needed and this case is considered closed.

Date: **April 6, 2016**

Office of Executive Inspector General  
for the Agencies of the Illinois Governor  
69 W. Washington Street, Ste. 3400  
Chicago, IL 60602

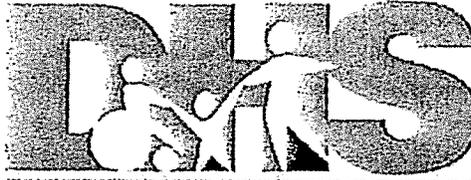
By:

**Colleen Thomas**  
Assistant Inspector General

**Edward Doyle**  
Investigator, #159

**Reginald Spears**  
Investigator, #124

## Attachment A



Illinois Department of Human Services

Pat Quinn, Governor

Michelle R.B. Saddler, Secretary

Office of the Secretary  
401 South Clinton Street • Chicago, Illinois 60607  
100 South Grand Avenue East • Springfield, Illinois 62762

January 29, 2014

Mr. Ricardo Meza  
Executive Inspector General  
Office of the Executive Inspector General  
For the Agencies of the Illinois Governor  
69 West Washington Street, Suite 3400  
Chicago, Illinois 60602

RE: OEIG Complaint #09-01147

Dear Executive Inspector General Meza:

After reviewing the referenced final report, the Illinois Department of Human Services (IDHS) provides the following background and response.

### **Overview of Child Care Assistance Program Monitoring**

The Child Care Program has a rigorous eligibility determination and redetermination process for families wishing to access the program. The policies and procedures that govern the Child Care Assistance Program are detailed in the Child Care Program Manual that is available on the IDHS website at: <http://www.dhs.state.il.us/page.aspx?item=9877>.

Applicants that successfully meet the criteria and are determined eligible for assistance generally receive authorization for six months. At the end of the six month authorization period, families must go through a redetermination process to assess their continued eligibility for assistance. Most families apply directly to their local Child Care Resource and Referral (CCRR) agency and are approved for assistance through the Certificate Program. Providers that participate in the Certificate program do not enter into a contract with IDHS but sign a certification on the child care application which attests to their willingness to comply with the requirements of the program as stated. All providers are legal care arrangements that meet the definitions established under the Child Care Act of 1969.

Federal Child Care Development Fund regulations require all states to operate a "certificate program" which allows parents to select care from a full range of legal care options. The certificate serves as the authorization for child care services and identifies the number of full and/or part-time days per month that the family has been authorized to receive care during the eligibility period. The authorization follows the parent so if a parent changes providers the authorization goes with the parent. The certificate is generated monthly based on the authorization approved by IDHS and mailed to the provider for completion. The certificate very clearly states that only the days the child actually attended should be entered on the certificate and very clearly states that the provider must maintain daily attendance records that fully document the services provided and billed to the state. The certificate is returned to the local CCRR for processing and the attended days of care are entered into the case record for each child. Any changes in the eligibility status of the case can be checked at the time the payment is entered. It is expected that certificates are reviewed for accuracy at the time they are entered for payment.

In addition to the child care providers in the certificate program, there are 40 providers with whom IDHS contracts. Many of the contractors provide services in multiple locations or through various program models such as home care networks, Head Start Collaboration classrooms and before/after school care. Due to this structure, there are over 300 programs, or sub grantees, within those 40 contracts that must be considered when scheduling the reviews for each year. Families being paid through these Site contracts account for approximately 10% of the total program caseload.

Section 7 of the Child Care Program Manual covers various administrative procedures handled by staff or contracted administrative agents which includes policy 07.04.01 on processing overpayments that occur as a result of program violations. Violations are discovered in a number of ways including during the normal course of reviewing and verifying eligibility documents, processing monthly certificates, referrals from other agencies (DCFS, ISBE, Fraud hotline at Auditor General, HFS), anonymous phone tips and emails, and monitoring activities. In calendar year 2013, the Child Care Bureau detected 545 program violations and established \$2.7 million in overpayments.

While the Program does have internal controls, as demonstrated by the program violations detected by staff, it is reasonable to assume that with more resources for staff devoted to on-site field reviews more violations would be uncovered. There are five staff members assigned to the Bureau's Program Integrity and Quality Assurance (PIQA) unit, consisting of one manager and four field review staff. The Monitoring process is described in the Child Care Program Manual Section 07.10.01. Staff monitoring is prioritized as follows:

1. All sub grantees/contractors are monitored once every three years. These sub grantees/contractors perform the eligibility determination function that serves as the primary focus of IDHS' oversight process. There are over 300 locations that fall into this review category so approximately 100 locations per year are monitored.
2. Improper payments review is a federally mandated review which is conducted on a rotating basis once every three years. In accordance with federal guidelines, DHS reviews 276 case files for eligibility and payment accuracy every cycle.
3. Each year staff runs a report on the amount of payments issued to child care providers in the certificate program. A random sample of those providers receiving the greatest amount of reimbursement is selected for on-site reviews. Given that license-exempt home care providers have much lower revenue from the State, child care centers are the main focus of the review.
4. Field staff conduct reviews on request when we have been alerted to potential program violations from staff, sub grantees/contractors or other state agencies or reports from outside callers.

### Responses to OEIG Recommendations

**Recommendation:** "Establish protocols for maintaining appropriate attendance documentation by providers that accurately reflect the days of care provided as a condition of payment for those providers."

**Response:** Protocols now exist and providers are notified of these protocols in three places:

1. All providers who apply to receive payments through the Child Care Assistance Program sign a Provider Certification as part of the application process agreeing to the following:
  - "If I am a child care center provider, licensed home, or group home, I will maintain, for a minimum of five (5) years from the date of payment, daily attendance records to fully document the extent of services provided and agree to make all records and supporting documentation relevant to the services billed herein available to any and all authorized Department representatives and Federal authorities."
  - "Failure to maintain adequate records shall establish a presumption in favor of the State for any funds paid by the State for which adequate documentation is not available to support disbursement."
2. The Child Care Assistance Program Manual, Section 06.01.01 (<http://www.dhs.state.il.us/page.aspx?item=10859>) also states: "The provider is responsible for maintaining daily attendance records/sign-in sheets which can be requested by IDHS at any time within five years."
3. The Child Care Certificate Report (Form IL-444-3492A), the form used by centers to bill IDHS for services

rendered, includes the following statements which the provider attests to with their signature:

- “I certify that I have verified the daily rates charged for each child. I understand that I cannot charge a parent receiving subsidized child care a higher rate than I charge private paying clients. This includes discounts such as multiple child discounts, staff discounts, full-week discounts, pre-pay discounts, and sliding fee scales.”
- “I certify that I will maintain, for a minimum of 5 years from the date of payment, daily attendance records to fully document the extent of services provided and agree to make all records and supporting documentation relevant to the services billed herein available to any and all authorized department representatives and federal authorities. I understand that failure to maintain adequate records shall establish a presumption in favor of the state for any funds paid by the state for which adequate documentation is not available to support disbursement.”
- “I certify that the information submitted above is complete and accurate. I understand giving false information or failure to provide correct information can result in referral for prosecution for fraud.”

The Child Care Assistance Program uses these agreements and policies during its reviews and when assessing overpayments to providers. Confirming when a child is present at a provider location is very hard to accomplish given that the process is mainly paper-based and open to fraudulent activities either at the time care is reportedly provided or after the fact. While IDHS pursues further monitoring if it learns of attendance records that appear fabricated or altered, there is no way to guarantee that all attendance records are valid or accurate. Some states have attempted to address this by deploying various electronic attendance systems, such as swipe cards or biometric devices. These methods have also proved to be troublesome. Scan cards are still susceptible to fraud as a card can be left with the provider who can then scan it at any time. Biometric devices, such as fingerprint or retina scanners, often do not work for children as they grow and are cost prohibitive when dealing with the size of the provider population in Illinois.

**Recommendation:** “Monitor additional non-contracted providers, or amend the CCRR agency contracts to require CCRR agencies to compare attendance records to Certificate Reports, or to, at a minimum, address instances in which providers are consistently billing at or near 100% attendance levels.”

**Response:** IDHS agrees with this recommendation. In July 2012, IDHS issued a memo clarifying the process to be followed when a provider submits a certificate indicating 100% attendance for all children. The process will not prevent a child care provider from reporting attended days incorrectly, but it does identify a scenario that often leads to improper payments. The 100% Certificate Billing Verification Process objective requires that CCRR staff verify an assertion that 100% of certificate billing recorded during the month is a valid reflection of actual attendance.

The process requires different protocols depending on how many months a provider has reported 100% attendance. During the first month a center reports 100% attendance, the CCRR staff must:

- Call the center, explain the 80% attendance rule, and reiterate to the child care center that only attended days can be reported on the certificate.
- Inform the center of the What Is CCAP? training that is available either through the CCRR or online through the INCCRRA web site.
- Offer the provider an opportunity to meet with CCRR staff face-to-face to discuss proper billing practices.
- Send the provider a form letter indicating that any additional months where the provider reports attendance at or near 100% (97%-100%) must be accompanied by sign-in sheets or attendance records verifying attendance. The form letter also states that if a child care provider reports attendance at or near 100% for additional months, a face-to-face billing training between provider staff and the CCRR is required.

If a provider reports 100% attendance in the second and subsequent months, the CCRR staff must:

- Require and review attendance records and sign-in sheets to verify that the certificate is a valid reflection of attendance, prior to processing the child care certificate.
- Meet with child care provider staff face-to-face for a billing training within 30 days, if the reported attendance is not supported by proper documentation.

If the provider reports 100% attendance for a third month in a row, CCRR staff must:

- Include the provider on its report to IDHS Child Care and Development's Program Integrity and Quality Assurance (PIQA) unit of those providers who consistently bill at or near 100% of their eligible days. The CCRR sends a report to PIQA on a monthly basis.
- The PIQA unit analyzes the billings of providers reported by CCRRs and schedule an on-site monitoring review. PIQA will review the provider attendance records including the monthly attendance report, the sign in/sign out sheets, and meal records if available. If inconsistencies between the attendance records and the billing certificates are discovered, IDHS will issue an overpayment letter to the provider based on the investigation of records.

In addition, CCRRs are required to track all providers reporting 100% attendance in a spreadsheet. They must also maintain all corrective action plans, and documentation of trainings and conversations on this issue with the providers.

Illinois Action for Children (IFAC), the contracted agency that manages approximately 60% of the CCAP cases in Illinois, put these practices into place and tracked results. Of the licensed child care providers in Cook County, 12.5% billed for 100% attendance for all children in the month of May 2012. By September 2013 that number was reduced to 2% of licensed providers. This data strongly supports that the procedures listed above have served as an effective method of reducing 100% billing and will continue to reduce the number of improper payments made.

**Recommendation: "Implement uniform child care provider attendance records to be submitted with Certificate Reports."**

**Response:** IDHS agrees to pursue this recommendation. At least two other State of Illinois agencies require child care providers to maintain some form of monthly attendance records. The Illinois Department of Children and Family Services require all licensed providers to maintain daily attendance records for the children in their care. The attendance records are checked during the annual licensing review. The Illinois State Board of Education requires all providers billing for reimbursement from the Child and Adult Care Food Program (CACFP) to maintain a daily list of attendance and meal/snack counts and conducts on-site reviews of these documents at least annually. In order to reduce redundant paperwork, the IDHS Child Care Assistance Program has accepted the records maintained for these agencies as valid and reliable documentation of attendance when conducting on-site reviews.

The Child Care Assistance Program will work with DCFS and ISBE to see if a new attendance sheet can be developed that would be acceptable for all programs. Once the form is completed, IDHS will require it for use in the Child Care Program.

In addition, IDHS will work with DCFS and ISBE to develop an MOU that would ensure that issues or concerns about any child care providers are shared across agencies. Since we are all working with the same provider population, it would be beneficial to coordinate efforts and share resources whenever possible.

**Recommendation: "The OEIG also recommends that DHS remove Jumpstart and Ms. Roman as well as other non-contracted child care providers Ms. Roman owns or establishes from future participation in CCAP, and take whatever steps are necessary to recoup the approximately \$232,485.48 in State funds paid to Ms. Roman for which she was not entitled to receive."**

**Response:** IDHS agrees with this recommendation. On December 20, 2013, a letter was mailed and faxed to Ms. Roman at her child care center address. The letter gave notice that IDHS would be terminating Jumpstart from the Child Care Assistance Program effective December 31, 2013. IDHS also instructed IAFC to issue notices to all families using this provider that CCAP would no longer make payments to Jumpstart as of December 31, 2013 and that the families would need to secure new child care arrangements. IAFC worked with each family to help them find

Ricardo Meza  
January 29, 2014  
Page 5 of 5

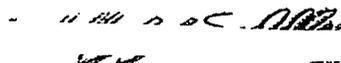
appropriate care for their children so that, they would be able to continue with their employment, education or TANF-required activities without a break in care.

IDHS and IAFC are working together to conduct a review of each month cited in the report, as well as more current months of billing, to determine the correct overpayment amounts for each month. Once this review is complete, letters will be sent to Ms. Roman, requesting payment. Thirty (30) days after the letters are sent they will be forwarded to the IDHS Bureau of Collections (BOC) to establish an Accounts Receivable file. The provider will then need to either make a payment in full to BOC or establish an appropriate payment plan. If the provider fails to remit payment or establish a plan, BOC will forward the account to the Illinois Office of the Comptroller and to their contracted private collection agencies to pursue further actions.

**Recommendation: "The OEIG recommends that the DHS Secretary take appropriate action with regard to DHS' Director of Family and Community Services, Linda Saterfield's failure to adequately monitor the over 60,000 non-contracted child care providers."**

Based on the recommendation of the OEIG, Secretary Saddler personally issued Director Linda Saterfield an oral reprimand. While Ms. Saterfield has been employed as the Director of the Division of Family and Community Services, her former position as Bureau Chief of the Child Care Office has been vacant. Since her departure, the Child Care Bureau has lost staff and due to the seriousness of these allegations more stringent monitoring is needed. Based on the oral reprimand and a desire to ensure greater supervision and accountability in this bureau, IDHS decided to return Linda Saterfield to the Bureau of Child Care to fully assess and determine the needs of this office.

Sincerely,

  
Michelle R.B. Saddler  
Secretary

53



Bruce Rauner, Governor

James T. Dimas, Secretary

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

April 27, 2016

*Via e-mail to Fallon Opperman, Deputy Inspector General and Chief of Chicago Division,  
on behalf of:*

Maggie Hickey

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Response to the Final Report for Complaint 14-01780

Dear Executive Inspector General Hickey:

This letter responds to the Final Report for Complaint Number 14-01780, attached, which was submitted to the Department of Human Services (DHS). The Report essentially indicates a failure to properly implement the 100% Billing Verification Process. It recommended properly implementing it and disciplining

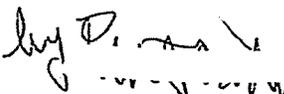
The recommendations are being followed, but with some process improvements. For example, within the next month, attendance and billing processes are being revised and re-issued to service providers. The policies will be changed such that Childcare Resource and Referral Centers (CCR&Rs) with providers that have billed at the 100% level for two (rather than three) consecutive months must submit a report, with detailed attendance records, to the Associate Director of the Office of Early Childhood Development. The information will be reviewed and the Program Integrity & Quality Management Unit will conduct a desk audit to ensure no overpayments occurred (and take recovery action if so, however). To ensure the reports are submitted as appropriate from the CCR&Rs, DHS is taking steps to develop an internal report to identify CCR&Rs that should have submitted a report. The CCR&R in question will be contacted for such a report. In addition, two additional staff members will be added to the Unit. Finally, language in agreements with the CCR&Rs will be strengthened in favor of the State, as new agreements are established beginning July 1, 2016.

With respect to \_\_\_\_\_ as you may know, a process for discipline exists. Accordingly, a pre-disciplinary meeting is planned and will be scheduled for \_\_\_\_\_. At that meeting, the charges, their basis and proposed action will be shared with him. A rebuttal period will be afforded and possibly several review periods, before any final action can be taken. As you probably know, the process could take some time for resolution. The Department will provide you updates as the process moves along.

If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

  
James T. Dimas  
Secretary





Bruce Rauner, Governor

James T. Dimas, Secretary

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

September 8, 2016

*Via e-mail to Fallon Opperman, Deputy Inspector General and Chief of Chicago Division,  
on behalf of:*

Maggie Hickey

Executive Inspector General

Office of the Executive Inspector General for the Agencies of the Illinois Governor

69 West Washington Street, Suite 3400

Chicago, Illinois 60602

RE: Response Update to the Final Report for Complaint 14-01780

Dear Executive Inspector General Hickey:

This updates and amends the response to the Final Report for Complaint Number 14-01780. Several differences exist between the response previously provided and current implementation, which changed after further review. For example, three positions, instead of two, have been added to the Program Integrity and Quality Assurance Unit to conduct program and contract monitoring. The previous response noted several policy changes. The policy, however, will be placed in the Illinois Administrative Code as a Rule. The policy will not be changed until the rule-making process completes. The new Rule will take into account the issues identified in the Final Report. The draft Rule is being finalized by the Department of Human Services (DHS). Additionally, as previously noted, fiscal year 2017 agreements with the Child Care Resource and Referral centers contained strengthened language regarding the 100% billing level. Further, software efforts have begun regarding better reporting, but have not yet been finalized. Finally, the disciplinary process regarding [redacted], started, e.g. informal discussions with him, etc. For a variety of reasons, however, including [redacted], left state service on [redacted], before the disciplinary process could be completed. Thus, no discipline will be pursued.

With the disciplinary matter concluded, and the other portions of this response in process, DHS considers this matter closed with respect to your office. If you have any questions, please feel free to contact Robert J. Grindle, DHS' Ethics Officer.

Regards,

James T. Dimas  
Secretary