

TITLE 89: SOCIAL SERVICES
CHAPTER III: DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SUBCHAPTER c: FISCAL ADMINISTRATION

PART 357

PURCHASE OF SERVICE

Section

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AUTHORITY: Implementing 42 CFR 431 and authorized by Section 5 of the Department of Children and Family Services Act [20 ILCS 505].

SOURCE: Adopted and codified at 5 Ill. Reg. 14546, effective December 29, 1981; amended at 6 Ill. Reg. 9294, effective July 26, 1982; amended at 8 Ill. Reg. 12127, effective July 13, 1984; amended at 9 Ill. Reg. 11292, effective July 15, 1985; amended at 13 Ill. Reg. 3344, effective March 1, 1989; amended at 21 Ill. Reg. 13160, effective October 1, 1997; amended at 26 Ill. Reg. 3015, effective February 15, 2002; amended at 29 Ill. Reg. 8706, effective June 8, 2005; amended at 31 Ill. Reg., effective May 31, 2007.

Section 357.10 Purpose

The purpose of this Part is to explain how the Department purchases professional services on behalf of the children, youth and families it serves and what the Department requires from a purchase of service provider. This Part does not apply to the goods and services governed by the standard procurement rules of the Department of Central Management Services.

(Source: Renumbered from Section 357.1 at 21 Ill. Reg. 13160, effective October 1, 1997)

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Section 357.20 Definitions

"Adult" means a person age 18 and older.

"Department", as used in this Part, means the Illinois Department of Children and Family Services.

"Equal proposals for family preservation services" means proposals received by the Department which have been assigned, after review, the same number of evaluation points and the services to be provided are equal pursuant to the requirements of [Section 357.70](#).

"Fiscal year" means July 1 through June 30.

"Illinois Sex Offender Registry" means the registry of felony child offenders operated and maintained by the Illinois State Police.

"Legal child care arrangement" means child care is being provided in a licensed child care facility, in a child care facility that is exempt from licensing, or in the child's own home.

"Minor traffic violation" means a traffic violation under the laws of the State of Illinois or any municipal authority therein or another state or municipal authority that is punishable solely by fines as a petty offense. (See Section 6-601 of the Illinois Driver Licensing Law [625 ILCS 5/6-601].)

"Negotiated contract" means a written contract with an agency or individual to provide needed child welfare or youth services, which contract is not competitively bid, but rather is mutually agreed upon with a provider. Use of such contracts is further described in [Section 357.40](#).

"New service initiatives" means services that previously have not been provided by or purchased by the Department in the State or in a specific geographical area of the state.

"Professional services" as used in this Part means child welfare services as defined in 89 Ill. Adm. Code 302 (Services Delivered by the Department of Children and Family Services) and youth services, as defined in this Section.

"Program plan" means that part of the purchase of service contract that explains in detail who will be served, where and how they will be served and what outcomes are expected from the service.

"Purchase of service provider" means an agency or individual offering services to a Department client through a signed contract with the Department. As used in this Part, the term does not include grants-in-aid that are awarded pursuant to 89 Ill. Adm. Code 360 (Grants-in-Aid).

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"Requests for proposals" or "RFPs" means a formal invitation to bid that the Department uses to obtain professional services. The RFP explains the purpose, outlines the scope of the work and solicits proposals from individuals or organizations for the funding of services for certain initiatives or projects undertaken by the Department.

"SACWIS" means the Statewide Automated Child Welfare Information System operated by the Department that replaced the CANTS system.

"Youth services" include but are not limited to community services, primary prevention, outreach and recreational opportunities, including the use of indigenous community volunteers to provide programs designed to correct conditions contributing to delinquency; diversion services, including client advocacy, family counseling, employment and educational assistance and service brokerage; and emergency services, including 24-hour crisis intervention and shelter care. Youth services are further defined in 89 Ill. Adm. Code 310 (Delivery of Youth Services Funded by the Department of Human Services).

(Source: Amended at 29 Ill. Reg. 8706, effective June 8, 2005)

Section 357.30 Purchase of Day Care Services

- a) The Department may purchase day care services for an eligible child in any legal child care arrangement including, but not limited to, licensed day care facilities, facilities exempt from licensing, and relatives and individuals who provide care in the children's homes.
- b) As a condition of receiving payment for day care services from the Department, each in-home day caregiver, license exempt day care provider and assistant, and all adult members of the household in which a day care home exempt from licensing operates shall:
 - 1) complete and submit to the Department on a form prescribed by the Department a certification under penalty of perjury whether the person has been convicted of a crime, other than a minor traffic violation, or has been indicated as a perpetrator of child abuse and neglect; and
 - 2) complete and submit to the Department an authorization for a background check which may include, solely at the discretion of the Department, a criminal history check, a check of the Statewide Automated Child Welfare Information System (SACWIS) and a check of the Illinois Sex Offender Registry; and
 - 3) if requested, submit his or her fingerprints to the Department within 30 days after the Department's written request for such fingerprints.

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- c) The Department shall conduct a check of SACWIS and the Sex Offender Registry on all individuals listed in subsection (b) of this Section when:
 - 1) care is being given to a child for whom the Department is legally responsible;
 - 2) a child is a member of an intact family that is receiving Department services; or
 - 3) one of the individuals required to complete the authorization for background checks as provided in subsection (b) of this Section acknowledges that he or she has been indicated as a perpetrator of child abuse or neglect.
- d) The Department shall conduct a check of SACWIS and the Illinois Sex Offender Registry on a random basis for all other individuals required to complete the authorization for background checks in subsection (b) of this Section.
- e) The Department shall send a notice to the individuals in subsection (b) of this Section requiring them to submit to fingerprinting whenever he or she acknowledges that he or she has been convicted of a crime, other than a minor traffic violation, as defined in [Section 357.20](#).
- f) The Department may, in its sole discretion and on a random basis, require fingerprints of not more than 15% of all other individuals in subsection (b) of this Section and submit the fingerprints to the Illinois State Police.
- g) Authorization for payment for day care services shall be denied or withdrawn whenever an individual in subsection (b) of this Section:
 - 1) failed or refused to submit the authorization for background checks and fingerprints (if requested), as required by subsection (b) of this Section; or
 - 2) is found to have been convicted of any of the criminal acts listed in Appendix A of 89 Ill. Adm. Code 385 (Background Checks), or to have been indicated as the perpetrator of child abuse or neglect, or is listed in the Illinois Sex Offender Registry.
- h) In addition, if the Department learns one of the individuals in subsection (b) of this Section has falsified information on the certification form, the Department may deny or withdraw authorization for payment for day care services to that provider.

(Source: Amended at 29 Ill. Reg. 8706, effective June 8, 2005)

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Section 357.40 Procuring Services

- a) The Department procures professional child welfare and youth services by means of negotiated contracts and competitively bid contracts.

- b) Negotiated contracts are used in the following circumstances:
 - 1) When the nature of the service is such that it can only be obtained from a single service provider.

 - 2) When, in the opinion of the Department, maintenance of ongoing established services is necessary to ensure the continuity of care and assistance to children, youth and families served by the Department.

 - 3) When, in the opinion of the Department, an emergency exists and the urgency for the service will not allow time for preparing requests for proposals.

 - 4) When the Department is not required to use competitive bidding by statute or by the provisions of subsection (c)(1):

- c) Although the professional services governed by this Part are exempt from the competitive bidding procedures of the Illinois Procurement Code [30 ILCS 500] as opposed to the goods and services governed by the standard procurement rules of the Department of Central Management Services, the Department nevertheless recognizes the value of competition and therefore issues Request for Proposals (RFPs) in the following situations:
 - 1) The Department shall issue a RFP for all new service initiatives over \$25,000 except where the RFP is required by Federal regulations such as 45 CFR 74. The Director shall waive the RFP requirement when a determination is made that an emergency exists. An emergency shall include, but not be limited to, the following situations:
 - A) When the service initiative is immediately needed to prevent interruption in services to current clients, or

 - B) The service initiative is immediately needed to assure the clients' health and welfare.

 - 2) In addition, the Department shall issue RFPs for service contracts (except for substitute care and day care) over \$50,000 at least once every 6 years. However, comprehensive community-based youth services provided through local boards or local service systems shall be reviewed once every 4 years in accordance with Department of Human Services' requirements found in 89 Ill. Adm. Code 334 (Administration and Funding of

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Community-Based Services to Youth). When requests for proposals are issued, purchase of service providers shall submit a response in accordance with the RFP in order to be considered for contracts for the fiscal year specified. When an RFP is not required, subsequent contracts may be negotiated and renewed at the Department's discretion without recourse to a RFP. The Department will review such contracts in order to determine that the provider is complying with the provisions of the current contract and providing effective services that meet the needs of the Department's clients.

- 3) When equal proposals for family preservation services have been submitted to the Department, not-for-profit corporations are to be given preference over for-profit corporations.

(Source: Amended at 29 Ill. Reg. 8706, effective June 8, 2005)

Section 357.50 Issuance of Requests for Proposals

The Department shall ensure that RFPs are issued to current purchase of service contractors and issued in such a manner that the development of needed new services will be encouraged and that new purchase of service providers will be encouraged to submit proposals. RFPs shall be advertised in the official newspaper in the State of Illinois as designated by the Department of Central Management Services or a local newspaper serving the geographical area covered by the RFP. The Department shall also maintain a list of potential bidders and will mail RFPs to potential bidders. A minimum of 30 days to respond to RFPs shall be allowed.

(Source: Renumbered from Section 357.4 and amended at 21 Ill. Reg. 13160, effective October 1, 1997)

Section 357.60 Content of Requests for Proposals

- a) Requests for proposals will be in writing and contain the necessary information to enable a prospective provider to prepare a proposal. The RFP shall include:
 - 1) A description of the work to be performed.
 - 2) The submission process.
 - 3) The review process.
 - 4) General contract and bid information.
 - 5) Date, time and address of bidders' conference when applicable.
 - 6) The Department contact person.

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- b) Requests for proposals will inform prospective providers of all evaluation factors and of the relative importance attached to each criterion.

(Source: Renumbered from 357.5 at 21 Ill. Reg. 13160, effective October 1, 1997)

Section 357.70 Evaluation of Proposals

When deciding which applicant shall be awarded a contract, the Department shall consider the following factors:

- a) The type of services to be provided as described in the RFP;
- b) The target population for which their services are intended as described in the RFP;
- c) The experience and ability of the provider's staff as described in the RFP;
- d) The cost-effectiveness of the program;
- e) The acceptability of the service delivery model as described in the RFP; and
- f) The need for the service in that geographical area.

(Source: Renumbered from Section 357.6 at 21 Ill. Reg. 13160, effective October 1, 1997)

Section 357.80 Notification of Awards

- a) After the evaluation of proposals has been completed, the Department will notify in writing the applicant(s) selected as well as those not selected.
- b) Upon written request of an unsuccessful applicant, the Department will describe the reasons for rejection.

(Source: Renumbered from Section 357.7 at 21 Ill. Reg. 13160, effective October 1, 1997)

Section 357.90 Disclosure of Proposals

All proposals received pursuant to a request for proposal become the property of the Department.

(Source: Renumbered from Section 357.8 at 21 Ill. Reg. 13160, effective October 1, 1997)

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Section 357.100 Contract Approval

Federal and State regulations authorize the Illinois Department of Children and Family Services to purchase service and care for eligible children and families from purchase of service providers. Purchase of service providers shall meet the following prerequisites before a contract is approved:

- a) When licensure is required to provide the service, the purchase of service provider has obtained the necessary license or permit from the appropriate licensing authority to provide the specified services throughout the contract period.
- b) Except for individual foster care provider contracts and day care provider contracts, the purchase of service provider has submitted a detailed program plan that specifies and contains the following:
 - 1) the type and extent of services that will be provided. The number of individual and/or family clients that may be served, and the number of hours or the number of days for which services are provided may be used to define the extent of services;
 - 2) the number and types of staff available to provide the specified services;
 - 3) the clientele for whom the services were designed;
 - 4) the provisions for recordkeeping and reporting as required by Department rules or the purchase of service contract;
 - 5) that the resources are sufficient to provide the service. "Resources" include the following:
 - A) facilities that are large enough to safely accommodate the clientele, which contain sufficient equipment and furniture to provide the services offered and that satisfy all public health and safety regulations and Department licensing requirements;
 - B) staff who possess accepted professional standards of education and experience for their assignments; and
 - C) administrative personnel with appropriate educational backgrounds and experience for their positions;
 - 6) a clause titled "billable service" that:
 - A) clearly defines the billable unit of services such as: hour, day, week or month;

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- B) stipulates whether the provider will bill for client "no shows," travel, telephone conversations, canceled appointments, staffing and group sessions.
- c) The purchase of service provider has a plan to assure that minimal staffing levels, as may be required by child care facility licensing standards, and as specified in the contract, are maintained.
- d) The purchase of service provider shall submit documentation that the total Department reimbursement for administration costs, including personnel and other fixed and variable costs for administration do not exceed 20% of the cost of other reimbursable items.
- e) The purchase of service provider has submitted evidence of financial stability.
- f) The new purchase of service provider has submitted evidence of financial stability for the contract period including either letters of credit, statements of backing, or audited financial statements.
- g) The purchase of service provider has submitted a budget of anticipated expenditures based on the negotiated rate or the negotiated contract maximum, if a budget is required by the contract.
- h) The current purchase of service provider has submitted the required financial reporting documents in accordance with [Section 357.120](#).

(Source: Amended at 29 Ill. Reg. 8706, effective June 8, 2005)

Section 357.110 Compliance During the Contract Period

Purchase of service providers under contract to the Department must comply with Federal and State laws and regulations and Department rules. When the provider signs the purchase of service contract, this signature shall be the provider's certification of compliance with the applicable laws, regulations and rules.

(Source: Amended at 29 Ill. Reg. 8706, effective June 8, 2005)

Section 357.120 Fiscal Reports and Records

- a) Purchase of service providers shall furnish the Department with any required reports during the contract period in a manner specified in this Section.
- b) When all of the contracts with one provider expire or terminate prior to the end of the fiscal year, the revenue and expense sections of the Department's cost report shall be submitted with an opinion from a certified public accountant. This report and opinion shall be submitted within 30 days after the expiration or termination of the contract.

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- c) Any purchase of service provider (with the exception of day care providers, unless they are involved in cost based rate negotiations authorized under 89 Ill. Adm. Code 356.30(a), and governmental agencies) who receives \$150,000 or more from the Department within the State fiscal year shall submit an agency-wide certified independent audit using the requirements in this Section and in accordance with Government Auditing Standards, 2003 (no later amendments or editions included), available from the Government Accountability Office, 441 G Street, NW, Washington, DC 20548.
- 1) All governmental and not-for-profit organizations must also consider federal audit guidelines and complete audits in accordance with the guidance specified in the Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, when required by A-133 to conduct an audit. If required to prepare an audit in accordance with OMB Circular A-133, the audit must still contain the information listed in subsection (d).
 - 2) The Department may also request, at its sole discretion, certified agency-wide or limited-scope audits from any purchase of service providers (including day care providers and government entities) to ensure compliance with Federal, State and Department requirements. All governmental entities audited by the Illinois Auditor General will submit those audits to the Department within 60 days after completion.
 - 3) The audits for all entities must be completed within 180 calendar days after the completion of the provider's fiscal year.
 - 4) A waiver of the certified audit requirement may be requested in writing and directed to the Department's Deputy Director of Monitoring and Quality Assurance. The request must state the reason for the waiver and shall be submitted prior to the due date of the report.
 - 5) A request for an extension of the deadline for submittal of the audit and/or costs report beyond the time frame specified in subsection (c)(3) must be submitted in writing to the central office manager responsible for the administration of the reimbursement rates and excess revenue by the required due date in subsection (c)(3).
 - 6) The Department will respond to the requests for waivers or extensions within 30 business days, specifying approval or rejection of the waiver or extension. Waivers are approvable if the cost to the provider outweighs the benefit of the requirement. Extensions beyond 60 calendar days are approvable when circumstances beyond the agency's control prevent a timely submission (e.g., death, hospitalization or a change at the agency) or when a further extension from another State or federal agency requiring the same reports has been granted.

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- d) The agency-wide certified independent and OMB A-133 audit report submission shall contain the following information:
- 1) Independent Auditor's Report – an expression of the auditor's opinion on the financial statement;
 - 2) Statement of Financial Position (balance sheet);
 - 3) Statement of Activities – a statement of revenue and expenses and changes in net assets. This statement should specifically identify revenue received for the Department's programs. The cost of management and general expenses should be shown;
 - 4) Statement of Cash Flows;
 - 5) Statement of functional expenses for the agency, including management and general expenses and fundraising expenses. This schedule should show by functional and natural classifications the expenses for each individual program to enable identification of costs covered by Department funding;
 - 6) Notes to the financial statements, including, but not limited to, a note on the basis of accounting and the basis for recording and method for depreciation of assets;
 - 7) Reports on Compliance and Internal Controls Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; and
 - 8) A management letter from the certified independent audit firm that specifies those accounting and internal control deficiencies that merit attention.
- e) Limited scope audits will be requested in the contract program plan and defined for each situation. The audit report shall include the objectives, scope and methodology; the audit results, including findings, conclusions, and recommendations, as appropriate; a reference to compliance with generally accepted government auditing standards, as necessary; the views of responsible officials; and, if applicable, the nature of any privileged and confidential information omitted. Reports shall be received within the time frames specified in the contract.

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- f) Cost and Audit Reports are necessary to evaluate the costs for all provider services. Unless the Department determines that circumstances do not warrant the following action, noncompliance with the fiscal reporting requirements included in this Part and the cost reporting requirements in accordance with 89 Ill. Adm. Code 356.40 (Cost Information Requirements of Providers) will result in:
- 1) withholding of rate increases; or
 - 2) non-renewal or termination of the purchase of service contract; or
 - 3) withholding of current contract payments in full or in part for services provided. Such withholding of payments will occur 60 days after the provider has received written notice from the Director of the Department.

(Source: Amended at 31 Ill. Reg., effective May 31, 2007)

Section 357.130 Required Documentation

- a) Purchase of service providers shall maintain financial records for 5 years from the expiration or termination of each contract. The Department reserves the right to inspect all purchase of service provider records that relate to services for which the Department provides funding. These records shall be kept in accordance with generally accepted accounting principles. The records must be detailed and accurate enough to document the reasons for a decision, the ways monies were spent, and the beneficiaries of income, goods, and services. Such required recordkeeping shall include but not be limited to:
- 1) establishment of financial recordkeeping which includes:
 - A) Cash Receipts Journal
 - B) Cash Disbursements Journal
 - C) General Journal
 - D) General Ledger
 - E) All cash disbursements and/or expenses, fully supported by documentation, such as invoices, time sheets, time studies, or approved cost allocation plans
 - F) Revenue and expenses by program

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- 2) establishment of programmatic compliance recordkeeping that includes:
 - A) individual client files on each client applying for and receiving service;
 - B) schedule of service provided to each client that includes the date and time service was provided and the agency's employee providing service;
- b) Purchase of service providers shall maintain individual client records for clients for whom services were purchased by the Department 5 years from the date services are terminated. Individual client records shall contain:
 - 1) the original referral from the Department or in the case of funded day care facilities the documentation of need for services if it was the provider's responsibility to gather it or if the Department submitted it to the provider;
 - 2) documentation that supports Title IV-E and XIX (42 CFR 431) eligibility determinations, redeterminations, court orders, and court findings regarding reasonable effort (i.e., effort to prevent placement or that effort was not possible) as appropriate, if it was the provider's responsibility to gather it or if the Department submitted it to the provider;
 - 3) documentation that supports the need for child protective services if it was the provider's responsibility to gather it or if the Department submitted it to the provider;
 - 4) documentation of the service planning goals established within required timeframes, when the case was opened and the changes made in the service planning goals as the client's needs changed;
 - 5) documentation of the child and family's progress or lack of progress toward achieving the service planning goals including the social service worker's or other responsible employee's reports and official records regarding the child and family's cooperation in meeting service planning goals;
 - 6) basic client social history data and updates, as necessary, if it was the provider's responsibility to gather it or if the Department submitted it to the provider; and
 - 7) any other documentation specifically required in the purchase of service contract.

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- c) Purchase of service providers shall maintain personnel records of all employees who provide direct or supportive services to Department clients. Personnel records shall be maintained on each employee for 5 years after the termination of employment. The following information shall be maintained:
- 1) proof of educational background including high school or college transcripts or a copy of the diploma; or, if the employee has attended a training program, documentation of the employee's completion of the program;
 - 2) detailed summary of the employee's work experience;
 - 3) at a minimum, yearly employee performance evaluations;
 - 4) payroll data, including salary, accrued vacation and sick days, records of when vacation and sick days were taken, and travel expense records; and
 - 5) documentation that a background check was completed for each employee in accordance with 89 Ill. Adm. Code 385 (Background Checks).

(Source: Amended at 31 Ill. Reg., effective May 31, 2007)

Section 357.140 Contract Termination

- a) The Department of Children and Family Services and the purchase of service provider reserve the right to terminate a purchase of service contract at any time upon provision of 30 days written notice to the other party. However, if either party fails to comply with the terms of the contract, the contract may be terminated by the other party effective upon the date of written notice of termination.
- b) The Department shall not be liable for payment for service provided after the contract termination date or after the last child for whom the Department is making payment is removed from the provider's care, whichever is later. The Department is also not liable for any payments to individuals or entities for which the purchase of service provider is contractually obligated.
- c) The purchase of service provider shall return to the Department all funds received from the Department that are in excess of actual costs of providing the contract services that were delivered before the contract was terminated.
- d) Upon expiration or termination of the contract, any building and equipment meeting the following two conditions shall be identified to the Department within 90 days and returned subject to final disposition decision:

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- 1) exceeding \$1,500 in value at the time of purchase with a useful life of 3 years; and
- 2) purchased directly with Department funds and not included in an acceptable cost allocation plan.

(Source: Amended at 29 Ill. Reg. 8706, effective June 8, 2005)

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ILLINOIS DEPARTMENT OF CHILDREN AND FAMILY SERVICES

POLICY GUIDE 2013.07

**NON-SUBSTITUTE CARE CONTRACT MONITORING PROCESS AND
REQUIREMENTS**

RELEASE DATE: December 6, 2013

TO: POS and DCFS Staff and Administrators

FROM: Denise Gonzales, Acting Director 

EFFECTIVE DATE: Immediately

I. PURPOSE

The purpose of this Policy Guide is to issue preliminary procedures regarding the program monitoring of contracts for the purchase of specified non-substitute care services.

Non-substitute care services: means a contract provider of services but are not limited to, counseling, habilitation, advocacy centers, system-of-care, grants, and other child-specific services.

II. PRIMARY USERS

The primary users of this policy guide are all Contract Responsible Department Deputy Directors and Bureau Chiefs; all DCFS Staff Designated as a Non-Substitute Care Contract Program; all POS and DCFS licensing staff Administrators, Program Monitors, or Contract Managers and their Respective Supervisors and all staff of the Central Office of Contracts Administration.

Designated staff in various Department divisions or bureaus monitors these service contracts. A list of included, specific non-substitute care services to which this Policy Guide applies is included as **Appendix A**.

III. BACKGROUND

The Department has an affirmative, fiduciary responsibility to monitor contracts for the purchase of services for Department clients served by Department staff or staff of a Purchase of Service (POS) agency.

The Department has recognized that the system of contracting for purchased services must focus on achieving positive outcomes of safety, permanency and well-being while



at the same time being accountable to our clients and the public. To that end, the Department has adopted the principles listed in **Appendix B** to guide the monitoring of Department contracts for the purchase of specified non-substitute care services.

The following distinct staff roles shall be competently performed to ensure services are programmatically effective and fiscally responsible:

- Responsible Deputy Director;
- Program Administrator;
- Program Monitor; and
- Contract Manager.

(Please see **Appendix C** for a detailed description of the responsibilities of each staff role.)

IV. PROGRAM MONITOR RESPONSIBILITIES AND DUTIES

a) Responsibilities

A Program Monitor has the following general responsibilities:

- 1) Assuring provider adherence to the delivery of services as outlined in the program plan/contract, including provider site visits as specified in these procedures;
- 2) Verifying that services purchased were actually delivered;
- 3) Knowing what staff serve what function in the provision of service and the allocation of their time, and if staff work on other contracts and/or programs;
- 4) Completing monitoring forms/tools as required by these procedures, including the measurement of outcomes; and
- 5) Serving as the gatekeeper for local referrals as requested or assigned.

b) Duties

A Program Monitor has the following specific duties:

- 1) Develop and maintain an organized file for each assigned contract for each fiscal year that includes: executed contract with program plan, budget/rate sheet, copies of approved billings/grant payments, provider reports, monitoring reports, and correspondence to or from the provider;

- 2) Obtain, review and secure in the file provider reports which comprehensively describe the services and outcome measures provided for a designated time-frame (monthly and/or quarterly as designated in the program plan);
- 3) Assure client reports are completed for direct services offered to Department clients and are provided to the assigned caseworker in a timely fashion as specified in a contract program plan;
- 4) Verify client eligibility for services via the DCFS MARS/CYCIS system and assure a client listing is provided with client name and DCFS ID number;
- 5) Approve client billings as Receiving Officer through an accuracy review of the **CFS 1042, Billing Summary**;
- 6) Entry of cost reports in the DCFS Grant Reconciliation Database, when applicable;
- 7) When assigned, conduct an annual needs assessment that includes identification of the target population to be served, desired outcomes from intervention/service; fiscal impact; location of services and program model;
- 8) Participate in recommending new or renewal contracts;
- 9) Conduct at least five verification and monitoring activities each state fiscal year as outlined below; and
- 10) Conduct additional activities when concerns about a provider are raised outside of the routine verification and monitoring activities.

V. MONITORING ACTIVITIES

The following activities are required from the Program Monitor for each non-substitute care services contract:

a) Quarterly Verification Activities

- 1) The purpose of quarterly verification activities is to substantiate services are being provided in compliance with the contract program plan.
- 2) A monitor must conduct at **least one** service verification activity each state fiscal year quarter (July – September; October - December; January – March; and April – June). However, there must be at least four (4) calendar weeks between verification activities. Additional program

monitoring or verification may be required based on specific requirements of the funding source or contract type. The Program Monitor's supervisor is responsible for identifying any such additional monitoring requirements.

- 3) Quarterly verification activities must include (but are not necessarily limited to) **at least one** of the following activities:
 - Observing clients participating in services;
 - Conducting an unannounced visit to the site(s) where client services are delivered;
 - Reading a sample of open and closed case files;
 - Interviewing clients receiving services;
 - Interviewing staff employed by the program;
 - Interviewing the referral source regarding satisfaction with services;
 - Reviewing outcomes and data collection.
- 4) Additionally, and only with fee for service contracts, during one quarter in the fiscal year, a Program Monitor must conduct an on-site reconciliation of a sample of services billed to the Department. The sample must include services provided in at least three (3) separate months and at least 20% (but not less than 5 or more than 20 services) of the individual clients for which the provider billed in each of the selected 3 months. This reconciliation process includes verifying that all services billed are documented through either a case note or a sign-in sheet.
- 5) Each quarterly verification activity, including but not limited to the results or findings, must be documented in the Department's Non-substitute Care Contract Monitoring database. If a concern regarding provider non-compliance arises during the course of a quarterly verification activity or as the result of any other information provided to or obtained by the Program Monitor, the Program Monitor must communicate the concern in writing within one working day to the Program Monitor's supervisor. The Supervisor, in consultation with the Program Monitor, will determine what actions should occur and will document those actions in the Non-substitute Care Contract Monitoring database.
- 6) Additionally, if the area of non-compliance is a "red flag" item (see **Appendix D** for the list of "Non-substitute Care Red Flags"), the Program Monitor must enter the concern into the Monitoring Partnership Provider Profile. Department Executive Leadership will expeditiously determine actions that must be taken and what, if any, recommendations to make to the Department Director.

b) Comprehensive Program Monitoring Review

A Comprehensive Program Monitoring Review is required on each contract for non-substitute care services during the 3rd quarter of each fiscal year (January – March). The annual monitoring review shall be documented in writing following the format in the Non-substitute Care Contract Monitoring Database.

A Program Monitor shall execute the following requirements of the three main components in a Comprehensive Program Monitoring Review:

1) Program Plan Compliance

The Program Monitoring Summary Report, as found in the Non-Substitute Care Contract Monitoring Database, serves as the tool to evaluate compliance with the direct service and administrative requirements of the program plan. The evaluation process involves scoring applicable questions based on language directly from the program plan combined with provider responses and the supporting documentation reviewed during the comprehensive program monitoring review. If there is evidence the provider is meeting the requirements of the program plan the Program Monitor will enter “Yes” meaning “present” or “fully compliant”. Similarly, if there is evidence the provider is not meeting the requirements of the program plan the DCFS Program Monitor will enter “No” meaning “not present” or “not fully compliant”. For either a “Yes” or “No” rating the Program Monitor must provide supporting documentation and justification in the “Department Comments” narrative section of the summary report.

2) Client Record Sample

A client record sample must be selected from all clients open and closed who were served during the months that have elapsed since the last Comprehensive Program Monitoring Review. A client record sample, consisting of 20% or ten (10) total client records, whichever is less, should be selected so that it represents services across multiple service locations and service months and so that infrequent services are sampled.

At a minimum, client records must contain the authorizing referral, an **individualized** client service/treatment plan, an **individualized** case note for every service event provided to the client, and evidence of communication to or reporting to the assigned caseworker on client progress, in compliance with Section 8.0 of the program plan.

3) Personnel File Sample

The personnel files of all direct service staff and their respective supervisors that are employed by or subcontracted to the program shall be reviewed. The current personnel list of staff assigned to the contract should be reviewed against the original personal matrix to determine staff changes that have been made in the program. The following items shall be verified upon review of program personnel files:

- Proof of education, including high school, college and training programs;
- Detailed evidence of each employee or contractor's work experience;
- Annual employee performance evaluations;
- Documentation that a back ground check was completed (print out of the BC-11 computer screen), including but not limited to a CANTS check;
- Copy of a valid driver's license (if applicable);
- Auto liability insurance coverage (if applicable);
- Staff medical exam form, appropriate Form - **CFS-602** through **CFS-604** (if applicable);
- Proof of State Required Licensure (if applicable);
- On-going staff/professional development activities required by the program plan; and
- Copy of subcontract agreement (if applicable)

The results of the Comprehensive Program Monitoring Review must be documented in the Non-substitute Care Contract Monitoring database.

VI. NON-SUBSTITUTE CARE PROVIDER RATING SYSTEM

Upon documentation of the Comprehensive Program Monitoring Review in the Non-substitute Care Contract Monitoring database, a percentage score is generated for the contract. The Department employs a four (4) level system for rating the performance of providers of non-substitute care services. The level system determines the frequency of reviews and other specific actions required with that contracted service.

Level I Annual Comprehensive Program Review and Quarterly Verification Activities

90 – 100% of contract compliance of applicable items

Level II Annual Comprehensive Program Review, Quarterly Verification Activities, and 90-day Provider Performance Improvement Plan

80-89% of contract compliance of applicable items

Level III 6 Month Follow-Up Comprehensive Program Review, Quarterly Verification Activities, and 30 Day Provider Performance Improvement Plan

70-79% of contract compliance of applicable items

Level IV Full Contract Review

No greater than 69% of contract compliance of applicable items

VII. SCHEDULING AND PREPARING FOR A COMPREHENSIVE MONITORING REVIEW

a) On-site Review

The Program Monitor will schedule the on-site Comprehensive Program Monitoring Review in consultation with the provider and other Department program staff that need to participate. The Program Monitor will confirm the date, time, and location(s) for the review to all parties by letter and/or email at least four calendar weeks prior to the date of the review. The Program Monitoring Summary Report, Client List, and Personnel List, must be enclosed with the letter as the provider is requested to complete and return each form. These forms are available in the Non-substitute Care Contract Monitoring database.

b) Summary Report

The Provider must, no less than seven (7) calendar days before the scheduled review, complete and return the pertinent portions of the Program Monitoring Summary Report, along with the Client List and the Personnel List . When received from the provider, the Program Monitor will distribute a copy of the documents received from the Provider to all other DCFS staff who will be participating in the review.

c) Prior to the review, the Program Monitor shall

- 1) Thoroughly review the documents submitted by the provider
- 2) Review the Monitoring Partnership Provider Profile to determine whether any concerns or documents (e.g., audits, desk reviews, licensing reports or monitoring reports on the same provider for a different contract or service delivery area) are available that will help instruct and focus the review;
- 3) Complete the informational section of the Program Monitoring Summary Report (i.e., program reviewer name, telephone number, scheduled date of review, time frame reviewed, provider name, contract number);

- 4) Collect information to begin completion of other sections of the Program Monitoring Summary Report (e.g., review sample bills to complete the questions re: timeliness of bill submittal, etc.); and
- 5) Notify the provider of the records and files that must be available for review and the staff that must be available to be interviewed.

VIII. CONDUCTING THE MONITORING REVIEW

a) Monitoring Review Steps

A Comprehensive Program Monitoring Review shall be conducted in the following steps:

- Step 1** Entrance Conference: The entrance conference is a meeting with the provider staff to outline the general structure/protocol of the review. In addition, the time and location/schedule for the Exit Conference should be established.
- Step 2** Conduct the Review: This step involves reviewing the program plan and scoring applicable questions/items upon verification of provider responses. Additionally agency records and client files are reviewed and staff is interviewed as necessary.
- Step 3** Summary of Findings: During this step DCFS staff (only) discuss the results of the review activities and develop the preliminary findings (strengths and deficiencies), including an estimate of the overall score.
- Step 4** Exit Conference: The exit conference is a meeting held with provider staff to inform them of the preliminary findings from the review, including an estimate of the overall score.

b) Post Review Activities

The Program Monitor shall enter the review results into the Non-substitute Care Contract Monitoring database, which will generate the final report of the monitoring review, including the overall score. The completed report shall be delivered to the provider no later than seven (7) calendar days after the date on which the review was held. A copy of the Program Monitoring Summary Report will simultaneously be submitted to the appropriate Program Administrator and each DCFS staff that participated in the review.

IX. PERFORMANCE IMPROVEMENT PLANS

a) Contracts on Level II and Level III

For contracts scoring at Level II or Level III the provider will have 14 calendar days from date of receipt of the final completed monitoring report to develop and submit a Performance Improvement Plan (with action steps, time frames and outcome measures) for areas that a performance finding was indicated. The Performance Improvement Plan shall be entered into the Non-substitute care Contract Monitoring database.

- **Level II Performance Improvement Plans**

Plans shall be time-limited, yet not longer than 90 calendar days. The Program Monitor shall verify that, at the end of 90 days, the Performance Improvement Plan and corresponding action steps have been substantially completed or addressed.

- **Level III Performance Improvement Plans**

Plans shall be time-limited, yet not longer than 30 calendar days. During this 30-day period, the Program Monitor will conduct verification activities regarding progress towards the corrective action steps and will verify that, at the end of 30 days, the Performance Improvement Plan and corresponding action steps have been substantially completed or addressed.

Completion of Performance Improvement Plans shall be documented in the Non-substitute Care Contract Monitoring database.

If the Provider has not submitted information or otherwise demonstrated compliance with their Performance Improvement Plan within the target date(s), a meeting should be immediately scheduled between the Program Monitor, Supervisor and provider management to determine why compliance has not been demonstrated. Based on the results of the meeting, the Department may:

- 1) Determine that the provider is failing to follow the Department's monitoring process and move the provider to Level IV; or
- 2) Agree to allow additional time for completion.

b) Contracts on Level IV

If the provider is on Level IV, the Program Administrator is responsible for providing the Program Monitoring Summary Report to the responsible Deputy Director and entering the score and the reason(s) for the score in the Monitoring Partnership Provider Profile. The responsible Deputy Director coordinates

communicating the relevant information across Department Divisions and facilitates a discussion and deliberation of Department executive staff regarding next steps. Executive leadership formulates recommendations for the Director, who has ultimate decision-making authority related to any modification or termination of agency contracts. Level IV actions must be done in a highly expeditious manner (i.e. within a 2-4 week period) due to the seriousness of the service delivery issues. All recommendations and future action steps with respect to a Level IV rating shall be documented in the Monitoring Partnership site until the concern is corrected or the contract is no longer in effect.

X. ACCESS TO DEPARTMENT FORMS

Department forms referenced in this transmittal are available in the Non-substitute Care Contract Monitoring database until such time as they are added to the SACWIS templates file.

XI. CONCLUSION

It is essential that staff assigned to monitor one or more contracts for non-substitute care contracts comply with these requirements effective immediately. Questions regarding this Policy Guide should be directed Larry Chasey, Deputy Chief of Staff, at larry.chasey@illinois.gov.

XII. ATTACHMENTS

Appendix A: Descriptor Codes List for Non-substitute Care Monitoring
Appendix B: Contract Monitoring Principles
Appendix C: Monitoring Roles Descriptions
Appendix D: Red Flags

XIII. FILING INSTRUCTION

This Policy Guide should be filed behind **Rules 357, Purchase of Service**.

APPENDIX A

DESCRIPTOR CODES LIST FOR NON-SUBSTITUTE CARE MONITORING

| | |
|-----|--|
| ADP | Adoption |
| APS | Adoption Preservation |
| AVA | Advocate-Agency |
| CAR | Child Abuse Research |
| CAS | Child Advocacy Support |
| COR | Court Ordered Visitation |
| CPM | Children's Personal & Physical Maintenance |
| CSA | Counseling, agency |
| CSC | Counseling, Central Office |
| CSI | Counseling, Intact |
| CSL | Counseling, Individual |
| CST | Counseling, Toxicology |
| DCT | Day Care Transportation |
| CRR | Day Care Resource & Referral |
| EFS | Extended Family Support |
| FCA | Foster Care Agency |
| FPS | Family Preservation |
| HAB | Family Habilitation |
| MAC | Medicaid Counseling Agency |
| NOR | Norman Consent Decree |
| PPT | Pregnant and Parenting Teen |
| SOC | System of Care |
| TLS | Transitional Living Services |
| UNI | University-State |
| UNP | University-Private |
| VIT | Visitation |
| YIC | Youth in Crisis |
| YOU | Youth Coordination Services |

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APPENDIX B

MONITORING PRINCIPLES

The Department has adopted the following principles governing the monitoring of purchased specified non-substitute care services for clients:

- The system of contracting shall focus on achieving positive outcomes of safety, permanency and well-being for children and families, and be accountable to clients and the general public.
- Compliance with all contractual requirements shall be monitored closely, frequently and consistently.
- There shall be a clearly articulated, efficient and transparent system of monitoring all aspects of agency compliance and performance.
- Monitoring activities shall be based on clear policies and procedures that are uniformly administered throughout the state.
- Monitoring shall use uniform monitoring tools and standardized data, to the greatest extent possible.
- There shall be clearly stated and defined standards for performance and compliance.
- All monitors shall be trained and competent in the programs and services they monitor.
- All monitoring decisions affecting an agency under review shall be based on clearly stated and known criteria, supported by a complete analysis of facts.
- All actions to sanction an agency, including movement to higher levels of monitoring or to place restrictions on intake, shall be made at the highest level.
- The monitoring system shall include a method to ensure complete and timely communications between DCFS Divisions.

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APPENDIX C

Monitoring Roles Description

The Department has determined that there are four staff roles that are, individually and collectively, essential for the effective, efficient purchase and monitoring of services for Department clients. The supervisor of each staff designated for these roles is also responsible and accountable for ensuring staff performs their designated contract monitoring duties. The four roles are as follows:

a) Responsible Deputy

This individual has the overall administrative responsibility for the contract. These responsibilities include the designation of staff in the other three roles assigned to the contract. At times, the designation of staff to the other three roles is done in cooperation with other divisions. Approval of the decision memo to initiate a contract is expected of this role, as well as the certification of program plans. Recommendations regarding continuation or changes to the contract, and annual contract planning decisions are also part of the responsibilities of the Responsible Deputy. With some contracts, the Responsible Deputy may designate an Associate Deputy to carry out this role on his/her behalf.

b) Program Administrator

This individual leads and directs a group of contracts that have a commonality, a particular subject matter, on a statewide or geographical area basis. Identifying service needs and developing provider resources are included responsibilities. This individual prepares Decision Memos and develops Program Plans with new providers for consideration by the Responsible Deputy. Each fiscal year, the Program Manager is expected to evaluate each assigned contract and make a recommendation to the Responsible Deputy regarding the continuance of the contract, termination of the contract, revisions to the contract program plan and/or funding, and any new contracts that may be needed. During the fiscal year, this individual approves contract amendments as well as blanket, out-of-region, and out-of-state service requests that are within the approved spending plan.

c) Program Monitor

This individual is responsible for assuring provider adherence to the delivery of services as outlined in the program plan. This includes making announced and unannounced site visits to ensure contracted services were actually delivered. The Program Monitor is expected to complete monitoring tools on a regular basis that include among other things the measurement of outcomes, verification of staffing, and assessment of the quality of services being delivered. This individual acts as the "Receiving Officer" approving provider billings on **CFS 1042**. When necessary, the Program Monitor identifies the need for performance improvement

plans and monitors the completion of corrective action steps. This person monitors local referrals to a contract and may serve as the gatekeeper for access to the contract. On occasion, the Program Monitor may identify service needs, new providers, and make recommendations to the Program Manager regarding new contracts. Depending upon the contract, this person may also be responsible for entering budgets, reconciliations and outcomes into the Grant Reconciliation Database.

d) Contract Manager

This individual is responsible for assuring that the contract meets all policy, legal, fiscal and budgetary requirements. This includes securing fiscal information, rates and rate schedules from the Business office, reviewing program plans for deliverables, outcomes and units of services, as well as process academic, licensure/credentialing of providers as necessary. This person also prepares PBCs, does entry into contract databases and related applications, and prepares amendments to obligate or de-obligate contract dollars as necessary, as well as blanket requests. This person verifies the contractor is in good standing and dollars are available so referrals can proceed. This individual supplies contract management information to others, as requested, including among other things trends and funding projections. Depending upon the contract, this person may also be responsible for entering budgets, reconciliations and outcomes into the Grant Reconciliation Database.

APPENDIX D

RED FLAGS – NON-SUBSTITUTE CARE

- Failure to comply with Department monitoring
- Failure to comply with background check policy
- Inappropriate behavior, conduct, or an activity which is in violation of the Code of Ethics for Child Welfare Professionals
- Reports of physical abuse or sexual abuse/misconduct by agency staff
- Failure to terminate, moderate and/or re-assign staff that lack adequate licenses or questionable academic and/or professional credentials
- Failure to maintain accreditation
- Continued staff and management turnover begins to have an impact on the delivery of services to the clients and/or foster parents
- An event or series of events threatening the health, safety or welfare of a child
- Non-payment of department clients, foster parents, and contracted vendors as required by the agency's contract
- Non-payment of agency staff
- Non-payment of mandatory contributions (withholding taxes, unemployment insurance, worker's compensation, etc.)
- Submittal of inaccurate or false billings
- Misappropriation and/or misuse of DCFS Funds
- Reports from the Court indicate persistent performance issues
- Unresolved audit findings that could impact agency financial stability

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