The attached materials contain information about reporting requirements your Agency must fulfill for the Illinois Department of Human Services. There are time limits associated with these requirements. **PLEASE MAKE NOTE OF THE DUE DATE.** Failure to meet the requirements will result in a suspension of ALL payments by the Illinois Department of Human Services.

Keep a copy of these requirements for your records and provide a copy of this entire packet to your Chief Financial Officer/Business Office.

If your Agency uses the services of an independent certified public accountant (CPA), please provide a copy of this entire packet to the **CPA AS SOON AS POSSIBLE.**
MEMORANDUM

DATE: May 21, 2009

TO: Chief Executive Officers
    DHS-Funded Community Services Providers

FROM: Sally Hardwick Adams, Manager
       Office of Contract Administration

SUBJECT: FISCAL YEAR 2009 YEAR-END FINANCIAL REPORTING

The Department of Human Services (DHS) has determined that your agency is required to file year-end financial reports for State Fiscal Year 2009 (July 1, 2008 through June 30, 2009). The specific requirements and due date for your agency are listed on the ADHS Financial Reporting Checklist which is enclosed. Please pay SPECIAL ATTENTION to the report due date. When warranted, it is your responsibility to request an extension of the due date to avoid disruption of DHS payments. Agencies required to complete a Single Audit also need to be aware that extension limits exist. Refer to sections REPORT SUBMISSION and EXTENSION/WAIVER/MODIFICATIONS for additional information.

HIGHLIGHTS OF CHANGES FOR 2009

• CFR must be submitted electronically. (See details on page 3.)
• Programs funded by the Division of Mental Health must be detailed on the Grant Report and CFR as specified on the supplemental reports.
• All Illinois auditors must have a Peer Review prior to the September 2009 license renewal cycle. (See details on pages 4 and 5.)
• Audit confirmations now can be requested via E-Mail. (See details on page 7.)

OVERVIEW OF BASIC REQUIREMENTS

Agencies subject to these reporting requirements will submit one or more of the following documents:

C DHS Financial Reporting Checklist
C Consolidated Financial Report (CFR), web-based system
C Grant Report
C Independently Audited Financial Statements or Financial Summary
C Provider Demographic Information form
C Personnel/Administrative Information form
Provided below are the details for each document:

**DHS Financial Reporting Checklist**

The top portion of this form has been preprinted with certain identifying information from the DHS database. The lower portion of this form identifies the reports that are required to be filed. The DHS Financial Reporting Checklist also requires the signature of one key management staff and either the Board President or Board Treasurer. **This completed form, along with the required reports, must be returned to DHS.**

**Consolidated Financial Report (CFR)**

Those providers which received funds for programs subject to cost-based rate setting or cost/revenue analysis must submit a 5-schedule CFR prepared for the period July 1, 2008 through June 30, 2009. The specific requirements are:

- Providers which are required to submit audited financial statements (see Independently Audited Financial Statements) will need to include a CFR and an independent certified public accountant’s opinion or Report On Agreed-Upon Procedures on the Schedule of Program Costs of the CFR. The opinion may be combined with the auditor’s opinion/report on the Grant Report if one is also required. (Line 4 of the Grant Report must equal Line 44 of the CFR, and also equal the Total Expenses per the audited Statement of Activities if the agency has a June 30th fiscal year end.) A printout of only the referenced Schedule of Program Costs of the CFR should be included in the submitted copies of the audit. Web-based submission of the entire CFR is also required.

- All other providers required to submit a CFR may meet this requirement without the involvement of an independent certified public accountant, i.e., the CFR can be prepared in-house.

For FY09 the CFR must be submitted electronically using the web-based system at the following site:

[https://sec1.isbe.net/CFR](https://sec1.isbe.net/CFR)

Instructions for accessing and using the on-line CFR are included with the provider’s reporting packet when applicable.

**Grant Report**

Those providers which received contract funds for programs subject to year-end reconciliation and close-out based on grant revenues vs. eligible expenses must submit a Grant Report. This report displays total expenses and unallowable costs by DHS-funded programs. An attachment provides the details for such unallowable costs. Instructions accompany the Grant Report. These providers will also receive (under separate cover) a Grant Reconciliation and Recovery Form, due by August 15th.
Providers with **both** audited financial statements and grant report requirements must also submit an independent certified public accountant’s Opinion or Report on Agreed-Upon Procedures on the Grant Report. The opinion may be combined with the auditor’s opinion/report on the CFR if one is also required. (Line C of the Grant Report must equal Line 44 of the CFR, and also equal the Total Expenses per the audited Statement of Activities if the agency has a June 30th fiscal year end.)

All other providers required to submit only a Grant Report may meet this requirement without the involvement of an independent certified public accountant, i.e., the Grant Report can be prepared in-house.

The programs that are required to be reported on the Grant Report are listed on a separate document included with the Grant Report.

**All Grant Reports must be completed on the State Fiscal Year cycle (July 1st through June 30th)**

**Independently Audited Financial Statements**

Those providers paid or awarded $500,000 or more under a DHS Community Services Agreement, regardless of the types of programs or funds, must submit their general purpose financial statements prepared by an independent certified public accountant, licensed in the State of Illinois, for the year ending between June 30, 2009 and June 29, 2010. No special instructions apply. The audit should be conducted in accordance with generally accepted auditing standards and should include a complete set of financial statements applicable to the provider. For audits required to be performed subject to Government Auditing Standards, the Provider shall request and maintain on file a copy of the auditor’s most recent peer review report and acceptance letter. For license renewals effective September 2009, a peer review is required for all Illinois auditors. To avoid possible additional costs to your agency, we strongly recommend verifying license status and obtaining a copy of the peer review and acceptance letter prior to auditor selection. DHS reserves the right to refuse to accept reports by auditors not in compliance with the current standards, and a second audit may be needed.

**All** government and not-for-profit providers which expended $500,000 or more of federal funds, including any such funds received through DHS, during their fiscal year, must submit a copy of their Federal Single Audit reporting package including the management letter, if one was issued, and a Corrective Action Plan for any findings. DHS has no special instructions in this regard. Federal OMB Circular A-133 is the applicable reference.

When the provider received $500,000 or more of federal funds directly from DHS during State Fiscal Year 2009, the DHS Financial Reporting Checklist is marked next to the line OMB Circular A-133 Single Audit Report. This is a notification that DHS is expecting the provider to submit a Federal Single Audit reporting package unless the provider notifies DHS that they did not expend $500,000 or more of federal funds during the provider’s fiscal year.
(NOTE: The absence of an entry should not be interpreted as an indication that an OMB Circular A-133 Single Audit Report is not required. It is the provider’s responsibility to assess the need for a Single Audit after all 2009 expenses are included and after DHS final federal funds notifications are received (mailed in September), contract with a qualified auditor, and submit the Federal Single Audit reporting package if one was required by OMB Circular A-133, and to indicate in the blanks on the Financial Reporting Checklist form which statement applies to their organization.)

C Financial Summary
Each provider not required to submit audited financial statements must complete simplified unaudited information about the year-end financial position and annual revenue and expense activities of their organization. At the discretion of the provider, a copy of audited financial statements, for their year ending between June 30, 2009 and June 29, 2010, may be forwarded instead of the Financial Summary.

C Provider Demographic Information
The Office of Contract Administration (OCA) maintains a database for the contact person and mailing address for year-end financial reporting and other fiscal and administrative responsibilities. The information submitted on this form updates only the OCA database. Any changes should also be communicated to other DHS offices with whom you do business.

Personnel and Administrative Information
Each provider which is not a unit of government is required to provide selected information regarding personnel and administrative activities at their agency.

REPORT SUBMISSION
The DHS Financial Reporting Checklist indicates which reports are required to be submitted. The Checklist also indicates the Report Due Date which is calculated from the end of the provider’s fiscal year. If the Department did not know the end date for the provider’s fiscal year, then June 30TH was assumed to be the end date. Submit an Extension/Waiver/Modification form if your operating year end is incorrect in our records.

The report is due 120 days from the end of the provider’s fiscal year, but has been extended to 180 days for providers who received $500,000 or more in Federal funds from DHS during State Fiscal Year 2009 as of May 1ST. Additional payments or adjustments do not automatically extend your agency’s due date. DHS will assume that this information is correct unless notified to the contrary. Following is the address for submission of all required reports and forms:
Mr. Gary Beckman  
Bureau of Policy and Review  
Office of Contract Administration  
Department of Human Services  
222 South College, 2ND Floor  
Springfield, Illinois  62704 -1875

The provider should ensure that its reporting package is addressed correctly and that two (2) complete copies are enclosed.

*Except for the CFR, all reports must be submitted in PAPER FORM. References to web sites and reports in any electronic format WILL NOT BE ACCEPTED and will not constitute fulfillment of reporting requirements.*

**EXTENSION/WAIVERS/MODIFICATIONS**

DHS will approve reasonable requests for extensions of the due date for required reports and forms. Extension requests which are related to independent auditors’ workloads and timeframes should be discussed, in advance, with such auditors. DHS recognizes that some providers are required to complete similar year-end reporting requirements for other state agencies and will grant extensions to coincide with the submission dates to other state agencies if documented on an extension request.

DHS will also consider requests for waivers or modifications of its financial reporting requirements, but will approve them only when convincingly justified based on extenuating circumstances. DHS cannot waive federal requirements. If your auditor will not have the report completed within the nine-month timeframe, it is your responsibility to apply for an extension to the appropriate Federal agency. No extension for submission of the Single Audit package can be granted beyond the OMB Circular A-133 nine-month limit without documented Federal approval.

A Request For Extension/Waiver/Modification form is included with each provider’s reporting packet, along with instructions for its preparation and submission.

The decision of DHS regarding extension/waiver requests is final. The decision applies only to the current year reporting requirement, unless the response provided by the Department indicates otherwise.

**SANCTIONS FOR NON-COMPLIANCE**

Failure by the provider to comply with the reporting requirements described in this memorandum will result in suspension of the provider’s current year contract payments. Any withheld funds will be paid to the provider when compliance has been achieved.

*(NOTE: The Department’s statutory ability to make current fiscal year payments, including payments that have been withheld, ends two (2) months after the close of the state fiscal year, i.e., August 31ST.)*
DHS CONTACT PERSONS

Listed below are the key contact personnel for any questions regarding these reporting requirements:

C Questions regarding the Independently Audited Financial Statements or general questions regarding the Financial Reporting Requirements:
   Mike Jeffers [Phone #(312)814-6405; Fax #(312)814-1199]

C Questions regarding the Federal Single Audit Requirement:
   Kathleen Fletcher [Phone #(312)814-2310; Fax #(312)814-1199]

C Questions regarding the Grant Report:
   Marie Myers [Phone #(217)785-9260; Fax #(217)524-5529]

C Questions regarding the Consolidated Financial Report:
   Gary Beckman [Phone #(217)785-9260; Fax #(217)782-4135]

C Requests for finding confirmations and questions regarding confirmations:
   Please email to Brian.K.Bond@illinois.gov If you request this information via an email address, reports will be returned to you or your audit firm via email reply.

   (NOTE: Final State Fiscal Year 2009 contract and Federal funding information will not be available before September 2009.)

C To obtain additional copies of this packet:
   Gary Beckman [Phone #(217)785-9260; Fax #(217)782-4135]

C The mailing address for Mr. Jeffers/Ms. Fletcher is:
   Illinois Department of Human Services
   James R. Thompson Center
   100 W. Randolph Street, Suite 5-600
   Chicago, Illinois 60601

C The mailing address for Ms. Myers/Mr. Bond/Mr. Beckman is:
   Illinois Department of Human Services
   Office of Contract Administration
   222 South College, 2ND Floor
   Springfield, Illinois 62704 1875
C Information available on the DHS Website (http://www.dhs.state.il.us/) includes:

< Link to on-line CFR system, information for accessing and using the system, DHS Supplemental Instructions
< Grant Report - Allowable Costs
  Unallowable Costs

Instructions
< Sample Auditor= An Relation To= opinion and =Agreed-Upon Procedures= report on Grant Report and/or Schedule of Program Costs of the CFR
< Financial Summary
< Personnel/Administrative Information
< Link to OMB Circular A-133 website
< Request for Extension/Waiver/Modification Related to Filing Audit/Financial Reports with Instructions

$ Information available on the ISBE Website (https://sec1.isbe.net/CFR) includes:

< All CFR Forms

SHA:kat
Attachments
cc: Marva Arnold Grace Hou Lorrie Rickman Jones
Theodora Binion-Taylor Gwendolyn Kenner-Johnson Ivonne Sambolin Jones
Dan Blair Rob Kilbury Robert Stanek
Jerome Butler Solomon Oriaikhi Lilia Teninty
Reta Hoskin Barb Payne