

# LEGISLATIVE AUDIT COMMISSION



Review of  
Illinois Department of Natural Resources  
Two Years Ended June 30, 2008

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**REVIEW: 4317**  
**ILLINOIS DEPARTMENT OF NATURAL RESOURCES**  
**TWO YEARS ENDED JUNE 30, 2008**

**FINDINGS/RECOMMENDATIONS - 13**

**IMPLEMENTED - 4**  
**ACCEPTED - 5**  
**PARTIALLY ACCEPTED - 1**  
**NOT ACCEPTED - 1**  
**UNDER STUDY - 2**

**REPEATED RECOMMENDATIONS - 10**  
**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 34**

This review summarizes the auditors' reports on the Illinois Department of Natural Resources, filed with the Legislative Audit Commission June 11, 2009. The auditors performed a compliance examination in accordance with State law and *Government Auditing Standards* for the two years ended June 30, 2008. The auditors also conducted a financial audit of the Department's Capital Asset Account for the year ended June 30, 2008. The auditors stated that the Department's capital asset account was fairly presented.

The Department of Natural Resources was established on July 1, 1995 when the functions of the former Department of Conservation, Department of Mines and Minerals, the Abandoned Mined Lands Reclamation Council, portions of the Department of Energy and Natural Resources, and the Division of Water Resources from the Department of Transportation were merged by an Executive Order of the Governor.

The Department currently manages over 300 sites totaling more than 400,000 acres of publicly owned and leased land including State parks. The Department manages a variety of other public sites such as museums, boat access areas, marinas and trails. DNR maintains concessions that are leased to or operated by private concessionaires or local communities.

The Acting Director during the audit period and since January 1, 2006 was Mr. Sam Flood. Kurt Granberg served as Acting Director for about three weeks, from January 17, 2009 until February 6, 2009, when Mr. Marc Miller was appointed Director. Mr. Miller was not previously employed by the Department.

The average number of employees was:

	<b>FY08</b>	<b>FY07</b>	<b>FY06</b>
<b>Full-time:</b>			
<b>General Office</b>	84	52	221
<b>Resource Conservation</b>	221	228	230

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<b>Law Enforcement</b>	174	173	169
<b>Land Management &amp; Education</b>	473	507	512
<b>Mines &amp; Minerals</b>	103	106	109
<b>Water Resources</b>	63	67	66
<b>Waste Management &amp; Research</b>	28	29	30
<b>Geological Survey</b>	96	99	96
<b>Natural History Survey</b>	56	55	57
<b>Water Survey</b>	53	53	53
<b>Museums</b>	68	69	72
<b>Conservation 2000</b>	11	15	12
<b>Total Full-time</b>	1,430	1,453	1,627
<b>Part-time</b>	226	233	238
<b>GRAND TOTAL</b>	<b>1,656</b>	<b>1,686</b>	<b>1,865</b>

**Expenditures From Appropriations**

The General Assembly appropriated \$634,362,410 from 46 different funds to the Department of Natural Resources for FY08. Of the total, \$123 million was from the Capital Development Fund; \$116.3 million from the Open Space Lands Acquisition and Development Fund; \$84.6 million from the General Revenue Fund; \$67.4 million from the Wildlife and Fish Fund; \$46.8 million from the Park and Conservation Fund; and \$196.5 million from the remaining 41 funds. Appendix A summarizes these appropriations and expenditures by fund for the period under review.

Appendix B provides a summary of the Department's expenditures by line item for FY08-FY06. Expenditures were about \$245.3 million in FY08 compared to \$256.2 million in FY07 a decrease of almost \$10.9 million, or 4.3%. Spending across most lines was constant from FY07 to FY08 except awards and grants increased \$6.7 million, while spending for lump sum permanent improvements decreased by \$19.5 million.

Lapse period spending was about \$16.5 million, or 6.3% of FY08 expenditures.

**Property and Equipment**

Appendix C provides a summary of property and equipment for the year ended June 30, 2008. Property and equipment for the Department increased from \$1,089,590,169 as of July 1, 2006 to \$1,198,138,011 as of June 30, 2008. The Department has \$362.2 million in land and improvements; \$235.8 million in site improvements; \$86.5 million in buildings and improvements; \$113.5 million in equipment; and \$25,208 in capital leases-equipment.

**Cash Receipts**

Appendix D provides a summary of cash receipts for FY08-06, which totaled \$174,538,000 in FY08, a decrease of \$21.8 million, or 11.1% from FY07. About 28.3% of cash receipts

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is from licenses and fees. The \$7.5 million decrease in Other Revenue was due primarily to the conclusion of the Lake Michigan Shoreline stabilization project. The Real Estate Transfer Tax, which decreased \$11.4 million from FY07 and FY08 as a result of the decline in housing market.

### **Service Efforts and Accomplishments**

The Department's mission is to manage, protect and sustain Illinois' natural and cultural resources; provide resource-compatible recreational opportunities; and promote natural resource-related public safety, education and science. Almost 41.6 million people visited Department owned or managed sites in FY08. In FY08, 85% of park visitors expressed high satisfaction with overall park facilities and operations; 89% of site visitors expressed high satisfaction with interpretive programs; and 89% expressed high satisfaction with park safety. The Department issued 601,687 fishing licenses and 194,458 hunting licenses in FY08. More than 20,260 students were certified in safety education classes. In FY08, the Department awarded 111 grants totaling nearly \$32 million to units of local government for land for open space and outdoor recreation facilities including 345 new miles of bike trails.

### **Accountants' Findings and Recommendations**

Condensed below are the 13 findings and recommendations included in the report, of which 10 were repeated from prior audits. The following recommendations are classified on the basis of updated information received from Mr. Marc Miller, Director of the Department of Natural Resources, via electronic mail dated September 23, 2009.

#### **Not Accepted or Partially Accepted**

- 4. Implement procedures to obtain outstanding ticket reports from the Illinois State Police, review the reports in a timely manner, and follow up on all outstanding tickets with each appropriate Circuit Clerk, as necessary. (Repeated-2006)**

**Finding:** The Department did not follow up on outstanding tickets with the appropriate Circuit Clerk. Also, DNR did not request nor receive a monthly aging report from the Illinois State Police that includes all tickets, amounts owed or outstanding for all Department offenses.

Department personnel stated the last two fiscal years of outstanding tickets were not followed up with the appropriate Circuit Court Clerks because it was their understanding Supreme Court Rule 552 "Uniform Tickets Processing" relieved them of this responsibility, which states that upon final disposition of each case, the clerk shall execute a Disposition Report and forward to the law enforcement agency that issued the ticket.

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**Not Accepted or Partially Accepted – concluded**

Supreme Court Rule 552, effective since September 30, 2002, while requiring the clerk(s) to issue a Disposition Report, does not preclude the Department's responsibility to determine if violators are prosecuted in a timely manner and to follow up on outstanding tickets with the appropriate clerk.

**Response:** Not Accepted. We agree that the Department is not obtaining outstanding tickets reports from the Illinois State Police. The report tracks only those offenders that have been found guilty, not the amount of the fine or the amount DNR may collect. There is little benefit for requesting the outstanding ticket report since it is very large and the organization, review and follow up would be very time intensive. Many times little to no money is passed through to the Department from the fines collected by the Circuit Clerks. The amount received from the Circuit Clerks depends on the violation and the state statute governing the distribution of fines imposed, and the municipality ordinances that govern the distribution of funds. Also, low staffing levels prevent current staff from being able to devote their resources to this activity. Instead the Department is working closely with the Administrative Office of the Illinois Courts to resolve this issue through a new system. Once implemented, the automatic disposition reporting from the clerks' offices' will eliminate the need to receive the outstanding ticket report from and will allow the department to know the approximate amount of money owed to it from guilty convictions.

**7. Ensure adequate resources are provided for ongoing training and follow-up, and establish and maintain appropriate internal controls for the timely completion and submission of evaluation reviews. Hold immediate supervisors responsible for completing evaluations in a timely manner. (Repeated-2004)**

**Finding:** The Department did not complete employee performance evaluations in a timely manner. During testing of 35 employees for each FY07 and FY08 the auditors noted the following:

- In FY07, 22 of the 35 employees tested were required to have evaluations (the remaining 13 were temporary help or no longer employed). Four employees were missing evaluations and seven evaluations were completed from two days to seven months late.
- In FY08, 12 of the 35 employees tested were required to have evaluations (the remaining 23 employees were temporary help or no longer employed). Four employees were missing evaluations and five were completed from 24 days to two months late.

Department personnel stated the Department provided training on evaluations to supervisory personnel and focused on timeliness of evaluations. However, the staff responsible for the training retired, and was not replaced due to a lack of funds, which Department staff believes has impacted the overall response to the training efforts. Also, it appears the Department has not made ensuring evaluations are completed a priority.

**Updated Response:** Partially Accepted. The Office of Human Resources does currently maintain a tickler file to determine when evaluations are due. Memos are currently forwarded to supervisors notifying them of evaluations that are due. Reminder notices are sent if no evaluation is received after 1 month. Reminder notices will now be forwarded through a supervisors' chain of command which may result with negative impact to a supervisor's own evaluation.

### Under Study

6. **Apply the appropriate resources necessary to ensure policies and procedures are updated, based on the expected implementation of the new timekeeping system. (Repeated-2004)**

**Finding:** The Department did not maintain time sheets for its employees in compliance with the State Officials and Employees Ethics Act. The Department's employees' time (other than senior management) was tracked using a "negative" timekeeping system. Although senior management staff did maintain their time sheets in compliance with the Act, the Department's other employees did not document the time spent each day on official State business to the nearest quarter hour as required.

Department personnel stated the State of Illinois is in the process of implementing a new automatic timekeeping system and the Department has been chosen to be part of the pilot for this new program, which is expected to begin in FY09. As a result of its anticipated participation in the pilot program, the Department did not implement changes requiring all employees to document their time in accordance with the Act.

**Updated Response:** Under Study. At this time the DNR accepts the Auditor's recommendation and is researching various procedures to institute a timekeeping policy in order to be in compliance with the State Ethics Act. The division of Human Resources and the Office of Compliance is working closely together to implement a paper-based "sign in / sign out" or electronic based system that will meet the minimum requirements of the Act and place the Department in compliance.

13. **Revise recovery plan to address current computer operating environment and test the plan at least once a year. Also, communicate recovery requirements to CMS and establish and document guidelines that outline both the Department's and CMS responsibilities.**

**Finding:** The Department had not provided adequate planning for the recovery of its applications and data. Additionally, recovery testing of the applications had not been performed during the audit period.

The Department had an Information Processing Recovery Activation Plan (Plan) for the Department's Headquarters, Regional Offices, Museum, and Survey Offices. This Plan was last updated in August 2005 and did not reflect the current operating environment.

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### Under Study – concluded

The Plan stated the testing should be performed at least on an annual basis, but the Department last tested the mainframe portion of the Plan in June 2003.

The Department's IT functions have been consolidated into CMS with a physical move of equipment during 2005. As a result, the Department and CMS have a shared responsibility over disaster contingency planning and testing. However, the Department could not provide any documentation to support communication with CMS in an effort to correct the above deficiency.

**Response:** Under Study. We are in communication with CMS to test the Disaster Recovery Plan and are awaiting a response from their Disaster Recovery unit. IDNR has been unable to update the Plan due to the inability to replace the Department's former Disaster Recovery Coordinator.

### Accepted or Implemented

- 1. Increase efforts to ensure pertinent documents are obtained and reviewed to ensure the Department has satisfactory title to assets and the assets are properly valued. Perform a physical inspection of the assets before they are recorded to obtain reasonable assurance the assets physically exist.**

**Finding:** The Department did not maintain sufficient evidence to ensure the existence, valuation, and rights on amounts capitalized as Site Improvements for the Bikeways project. The auditors noted there was insufficient audit evidence (e.g., contract, invoices, vouchers, etc.) to support amounts recorded under the Bikeways project for FY08. The Department did not obtain documentation from the Illinois Department of Transportation for \$454,607 recorded in the Capital Asset Tracking System (CATS) for the Bikeway project in FY08. To date, assets totaling \$27,038,768 have been capitalized under the Bikeway project.

Department personnel stated supporting documentation from IDOT had been requested to support the amounts provided. However, IDOT only provided the amounts to be capitalized by the Department at the end of the fiscal year without documentation (legal documentation, such as deeds or titles conveyed, contract, vouchers, invoices, etc.) to validate the accuracy of the valuation of the assets and to evidence the rights of the entity over these assets. The Department does not have guidelines for obtaining supporting documentation from IDOT for the Bikeways project.

**Updated Response:** Implemented. This year we received more supporting documentation from the Illinois Department of Transportation for the bikeways projects than in the past. DNR developed a procedure to ensure that DNR has satisfactory title to assets and that those assets are properly valued. In addition, as recommended by the auditor, a physical inspection of these assets is performed per the new procedure.

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**2. Comply with established procedures to ensure GAAP reporting packages are accurately prepared and supporting documentation is maintained in an orderly and complete manner. (Repeated-2000)**

**Finding:** The Department's year-end accounting reports (GAAP Packages Forms) submitted to the Illinois Office of the Comptroller were not accurate. Auditors noted the following problems with the FY08 GAAP packages:

- The Department could not provide supporting documentation for \$281,000 of current year expenditures reported for the DNR Federal Projects Fund. Also, the Department could not provide supporting documentation for \$1,958,000, \$2,218,000, \$100,000, and \$248,000 of current year expenditures reported for the Wildlife and Fish Fund, the DNR Federal Projects Fund, the Park & Conservation Fund, and the Abandoned Mined Lands Reclamation Council Federal Trust Fund, respectively. In addition, receipt support provided by the Department for the DNR Federal Projects Fund differed from the receipt amount reported on the Grant/Contract Analysis form by \$385,000. Lastly, expenditure support provided by the Department for the Mines and Minerals UIC Fund, DNR Federal Projects Fund and Abandoned Mined Lands Reclamation Council Federal Trust Fund differed from the current year expenditure amounts reported by \$136,000, \$181,000, and (\$188,000), respectively.
- The Department provided grant analysis worksheets prepared by fiscal staff as supporting documentation for the Grant/Contract Analysis form. The total Federal expenditures for FY08 were \$34,858,000. However, auditors were unable to agree these amounts to the Department's accounting records.
- The various Offices which participate in federal financial assistance programs are required to use PAS to document their program expenditures and the Department's matching costs, by maintaining programmatic time sheets and coding vouchers for the purpose of accumulating cost information. The process to match PAS program numbers to the individual Offices' records and federal cost reports has previously been determined to be very time consuming because PAS reports do not include the federal contract numbers and are not maintained in an orderly, centralized manner to support the amounts reported for GAAP. Auditors noted no changes in the Department's use of the PAS, and thus concluded the issues previously noted continue.

Department personnel stated the staff previously responsible for the preparation of the GAAP packages retired from the Department in October 2008 leading to less experienced staff having to try and assemble the necessary information.

**Updated Response:** Implemented. The Department has contracted with an outside firm who has provided training of Department staff in order for the Department to become self-sufficient in the preparation of the GAAP packages for the following year. Increased efforts have been made for better organization and maintenance of supporting documentation. Also, new Illinois Office of the Comptroller tracking and accountability

**Accepted or Implemented – continued**

processes should provide more transparency for the GAAP reporting. In addition, the Department is reviewing alternatives to the current programmatic timekeeping system since the Agency is no longer a pilot for a State-wide solution.

**3. Implement procedures necessary to monitor concessionaire's compliance with lease agreements to ensure timeliness of payments. (Repeated-2006)**

**Finding:** The Department failed to monitor and enforce concessionaire lease agreements regarding rental payments. The Department had approximately 90 concessionaires at State parks throughout Illinois. The Department's concession coordinators are responsible for negotiating and enforcing lease terms, overseeing the site, approving rates charged, and collecting rental payments. During testing of concessionaire payments, auditors noted the following:

- 14 of 40 (35%) rental payments tested were remitted to the Department in an untimely manner ranging from 5 to 60 days late.
- One of the four top concessionaires remitted rental payments late for three months during the 24-month period, ranging from 47 to 59 days late.
- One of the four top concessionaires failed to make monthly deposits into the required reserve account. As of June 30, 2008, the concessionaire was behind by nine monthly payments totaling \$119,704.

Department personnel stated although they made repeated collection efforts, rental payments and monthly deposits were not remitted timely due to a lack of sufficient funds by the concessionaires.

**Response:** Implemented. Beginning March 1, 2009, the Agency implemented procedures for collection and timeliness of payments received. Audit testing for timeliness of vendor payment deposits was performed using the date of the check and the deposit transmittal form. The Department has since implemented a procedure to date stamp rental payment documentation on the receipt date to ensure a more accurate accounting of the time between when a check is received and when the check is deposited. Also, written policies and procedures have been developed for the collection of untimely concessionaire rental and reserve payments. Additionally, corrective action was taken in March 2008 to receive timely rental and reserve payments from the one concessionaire that was cited for untimely payments in the finding. A payment plan was agreed upon and has since been followed. It is DNR policy to work with vendors in order to collect timely payments rather than terminate lease agreements since qualified concessionaires are difficult to find.

**5. Make the necessary provisions to enter all past and future citations issued by the Conservation Police Officers into Traffic Information Planning System in a timely manner. (Repeated-2002)**

**Finding:** The Department did not enter written warnings and citations issued by the Conservation Police Officers (CPO) into the Traffic Information Planning System (TIPS) in a timely manner. TIPS is a computerized system administered by the State Police that provides law enforcement officials information on written warnings and citations. It is the Department's responsibility to enter issued written warnings and citations into TIPS on a timely basis. Departmental personnel stated CPO's issue approximately 10,000 written warnings per year.

During testing, auditors noted the Department did not enter current period written warnings into TIPS. The backlog of warnings not entered into TIPS dates back to July 1999. Auditors also tested 40 written citations and noted seven had not been entered into TIPS as of June 30, 2008, at least seven to nine months after issuance.

Department personnel stated the goal is to enter citations into TIPS within four months, which the Department thinks is reasonable. The Department concentrated efforts to ensure all citations were entered into TIPS, but has not been able to devote enough resources to ensure all written warnings have also been updated into TIPS.

**Response:** Accepted. DNR will continue to work to fund the additional staff this process requires. Since the last audit finding, Office of Law Enforcement (OLE) staff has been dedicated to entering citations timely and has made a great improvement. Also, the Department is working closely with the Illinois State Police (ISP) on implementing electronic citations. Once ISP switches over to electronic citations, OLE officers will begin entering their own citations and written warnings. This will allow OLE to stay current on the entry of citations and ultimately eliminate all backlogs of written warnings and citations. According to ISP the new electronic citations will be implemented by 2011 and in order to comply, DNR will need to secure additional funding for the purchase of laptops and printers.

**8. Continue to work with the Governor's Office to ensure Board vacancies are filled in a timely manner. Document and maintain all follow-up actions. (Repeated-2006)**

**Finding:** Vacancies on the Illinois State Museum Board were not filled in accordance with State law. During FY07 and FY08, two of 11 Illinois State Museum Board positions were vacant.

Department personnel stated names were submitted to the Governor's Office to fill the vacancies and they are unsure why the Governor's Office did not fill these positions.

**Response:** Implemented. The Department made recommendations to the Governor's Office during this period and followed up on a regular basis. While the Department is

**Accepted or Implemented – continued**

asked to make recommendations, the actual appointments are made by the Governor's Office and are out of the hands of the agency.

- 9. Implement procedures to ensure the accuracy of amounts reported on the Agency Fee Imposition Report prior to submission to the Comptroller. Include a reconciliation of fees deposited to subsidiary records maintained by Divisions, and direct the review of the Report by knowledgeable personnel. (Repeated-2006)**

**Findings:** The Department did not properly report fees collected on the FY07 and FY08 Agency Fee Imposition Reports submitted to the Illinois Office of the State Comptroller.

A review of the Agency Fee Imposition Reports for FY07 and FY08 noted the reports were inaccurately prepared. The report requires the Department to list the number of licenses/permits/fees, the charge for each, and the total collected. In almost all instances on the Agency Fee Imposition Report, the numbers of licenses/permits/fees multiplied by the fee did not equal the total fees collected. Total fees collected by the Department for FY08 and FY07 were \$46,467,196 and \$40,765,470, respectively. Discrepancies were noted in 28 of 29 fee categories reported by the Department. The only category correctly reported was the Heritage Watercraft I.D. plaque for \$0 in FY07 and \$25 in FY08.

Department personnel stated the individual Divisions have a difficult time breaking down the number and rate charged for the individual fees by fiscal year due to timing differences regarding license years. In addition, certain fees are based on several circumstances, and therefore difficult to report.

The report is incorrectly prepared because information about fees continues to be obtained from various Divisions without consistent reporting guidelines. Some Divisions continue to report information by fiscal year while others report by license year. It also appears there is no overall process to reconcile licenses/permits sold to funds deposited with the State Comptroller's Office.

**Response:** Accepted. The Department did submit the FY07 and FY08 Fee Imposition Reports. A great improvement was made in the Fish and Wildlife reconciliations; however, we understand there is more work to be done at the Department-wide level. We will continue to develop and implement policies and procedures that will ensure that accurate counts are reported and reconciliations of fee revenue and subsidiary records are completed.

- 10. Comply with SAMS and implement controls to ensure each petty cash fund's authorized amount results in annual turnover rates of approximately six, or attach an explanation stating why the current level of the fund is needed. Also,**

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**reinforce procedures in place to ensure all petty cash funds are properly reviewed and reconciled monthly. (Repeated-2006)**

**Finding:** The Department did not implement adequate controls in the operation of its petty cash funds in accordance with SAMS. The Department maintains approximately 165 petty cash funds. Auditors tested all 17 petty cash funds maintained at the Department's main Office. The 17 funds had authorized balances ranging from \$300 to \$1,000.

Testing of petty cash funds revealed the following:

- The Department did not ensure the authorized amounts assigned to each petty cash fund were turning over approximately six times a year. Auditors noted all 17 petty cash funds had annual turnover rates ranging from 1.10 to 5.008. The Department submitted an explanation listing certain factors why the funds were not turned over six times as required. However, there was no statement indicating the Department wished to maintain the current levels below the required turnover level or why the current levels of the funds are needed.
- The Department did not reconcile one of 17 petty cash funds on a monthly basis. Reconciliations for the months of August 2007 through January 2008 were not prepared until March 17, 2008 and other reconciliations covered a two-month period. In addition, the custodians prepared bank reconciliations, which is in direct conflict with SAMS.

Department personnel stated they did not include the appropriate statements on the petty cash turnover reports due to oversight. In addition, reconciliations were not performed in a timely manner due to oversight and turnover in experienced custodians and the inability for some to use the Budget and Expenditures Tracking System (BETS).

**Response:** Implemented. We agree that the turnover rate is not as high as prescribed by SAMS. DNR has reduced the quantity of petty cash accounts as well as the amounts held within the funds. We will continue to monitor the turnover rate and will consider continuing to reduce the quantity of accounts. DNR has implemented compensating controls that limit our risk from not having proper segregation of duties at sites that have very limited staffing. Annually, staff from the Office of Fiscal Management randomly chooses a month from the prior fiscal year and petty cash custodians are required to submit their petty cash reconciliation and supporting documentation for that month for review.

**11. Reinforce procedures to ensure staff is adequately trained, bank reconciliations are properly reviewed and employees no longer with the Department are promptly removed from the bank's list of authorized checks signers.**

**Findings:** The Department did not adequately prepare and review bank reconciliations and maintain updated records for its bank accounts for the Investigative Cash Fund and

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### Accepted or Implemented – concluded

certain sites. Auditors tested bank reconciliations for the Investigative Cash Fund, as well as, the reconciliations for eight sites visited and noted the following:

#### Investigative Cash Fund

During testing of monthly bank reconciliations for FY07 and FY08, six of 24 reconciliations were either prepared incorrectly or untimely as follows:

- Transactions were recorded and outstanding checks were listed in the wrong period for three of 24 (13%) reconciliations tested.
- Reconciliations were not completed timely for three of 24 months tested. The reconciliations were performed 39 to 113 days after the end of the month. In addition, one reconciliation was not dated by the reviewer and two reconciliations were not dated by the preparer.

#### Site Visits

During review of monthly bank reconciliations at the sites visited for the revenue account and petty cash account for the months of January through June of both FY08 and FY07, auditors noted the following:

- Transactions were recorded in the wrong period for 28 of 96 reconciliations reviewed for the revenue account.
- Transactions were recorded in the wrong period for 50 of 96 reconciliations reviewed for the petty cash accounts.
- The reconciliations of both accounts (petty cash and revenue) were not reviewed and approved by a second party for six of the eight sites visited.
- Two former employees were still listed as authorized signers according to bank records for one of the eight sites visited.

Department personnel stated reconciliations were generally completed late due to a lack of staffing and a lack of knowledge of the Billing and Expenditures Tracking System (BETS).

As a result of these situations, errors or fraud could go undetected and uncorrected for a significant period of time.

**Updated Response:** Implemented. Current policies and procedures regarding account reconciliations and signatures on file at banks have been reviewed and staff have been reminded to follow those policies and procedures.

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### 12. Ensure all divisions adhere to established policies and procedures and update the status of calling card, cell phone and pager records timely. (Repeated-2002)

**Finding:** The Department did not maintain adequate controls over its telecommunications equipment and expenditures. During the current period, the Department shifted responsibility for tracking calling cards to the Office of Fiscal Management (OFM) and added a written process on reviewing telephone calls.

- The Department did not require supervisors to adequately review and verify a monthly-itemized listing of local and long distance calls. Auditors reviewed the phone bills for FY07 and FY08 for four divisions, which included three different months for both years and noted one division in FY07 and two divisions in FY08 where there was no supervisor's approval.
- Telecommunication records were not updated for changes in assignments of equipment, such as cell phones, calling cards, pagers and phone lines. Auditors tested 64 assignments (25 calling cards, 25 cell phones and all (14) active pagers) and 26 phone lines and noted five assignments where cell phones, pagers or calling cards were no longer needed based on current job assignment or not currently being used by the person listed by the Telecom Liaison for the Department. Two of the five assignments noted above were to employees who retained two telephone calling cards. Upon further review, it was noted one-employee's calling card was canceled. Management could not explain why the other employee retained two active calling cards.
- During testing of calls, auditors noted four instances of 26 lines tested in which employee assigned to the line had changed, and two of four employees mentioned above were terminated and records were not updated for changes.

Department personnel stated policies and procedures requiring the review of monthly itemized bills are maintained. However, communication of the proper procedures was not adequately communicated to all divisions to ensure uniformity in adhering to the policies and procedures.

**Response:** Implemented. The Department will ensure all divisions adhere to established policies and procedures and update the status of calling card, cell phone and pager records in a timely manner.

### Emergency Purchases

The Illinois Purchasing Act (30 ILCS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies "involving

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public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services or to insure the integrity of State records, to avoid lapsing or loss of federal or donated funds. The chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make 'quick purchases', including but not limited to items available at a discount for a limited period of time."

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY07 and FY08, the Department filed nine affidavits for emergency purchases totaling \$628,696.18 for the following items:

- \$363,141.81 for repairs;
- \$124,648.00 to purchase a bulldozer;
- \$100,904.12 to remove a dilapidated bridge; and
- \$40,002.25 for catering for Conservation Officer recruit training.

### **Headquarters Designations**

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

A report filed on July 15, 2008 indicated that 61 employees spent more than half their working time at locations other than official headquarters.