

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Juvenile Justice
General Office
Two Years Ended June 30, 2008

622 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: 4329
DEPARTMENT OF JUVENILE JUSTICE
GENERAL OFFICE
TWO YEARS ENDED JUNE 30, 2008

FINDINGS/RECOMMENDATIONS - 25

IMPLEMENTED - 14
ACCEPTED – 10
UNDERSTUDY - 1

This review summarizes the auditors' report on the Department of Juvenile Justice, General Office, for the two years ended June 30, 2008, filed with the Legislative Audit Commission on September 8, 2009. This is the first compliance examination of the Department since PA 94-0696 established the Department of Juvenile Justice effective July 1, 2006. The law also permitted the new Department to share certain administrative services with the Department of Corrections (DOC) including budgeting, accounting related functions, auditing, human resources, legal, procurement, training, data collection and analysis, information technology, internal investigations, intelligence, legislative services, emergency response capability, statewide transportation services, and general office support.

The mission of the Department of Juvenile Justice is to preserve the public safety by reducing recidivism. Youth committed to the Department's care will receive individualized services provided by qualified staff that give them the skills to become productive citizens. The School District and After Care Services divisions provide academic and vocational training programs to youth housed at Illinois Youth Centers (IYCs), as well as various programming opportunities to help them become better equipped to restore themselves to constructive, law-abiding lives in the community.

Kurt Friedenauer was the Acting Director during the audit period. He was affirmed as Director after the close of the audit period. Director Friedenauer was considered part of the After Care Services division. The Department relied on the Department of Corrections for its primary administrative functions. The number of employees at the years indicated was as follows:

	2008	2007
General Office	-	-
School District #428	79	76
After Care Services	3	3
TOTAL	82	79

The value of overtime hours paid was \$3.9 million in FY07 compared to \$5.8 million in FY08.

Population and Average Cost Per Resident

Appendix A provides a summary of average populations and yearly cost per inmate for FY08 and FY07 at each of the juvenile centers. According to statistics provided by the Department, the average daily population of the Youth Centers was 1,428 in FY07 and 1,364 in FY08. In FY08, Pere Marquette had the lowest average population with 20 youth, and St. Charles had the highest average population with 311 youth. The rated capacity for all Centers at June 30, 2008 was 1,754.

The Department operated the following Illinois Youth Centers (IYC), listed by security level:

Maximum	IYC Joliet IYC Warrenville
Medium	IYC Chicago IYC Kewanee IYC St.Charles
Multiple	IYC Harrisburg
Minimum	IYC Murphysboro (BootCamp) IYC Pere Marquette

The average yearly cost per resident at the Youth Centers was \$78,846 in FY08 with a high at Pere Marquette of \$196,496 per youth compared to a low of \$69,434 per youth at St. Charles. For FY07, 54.9% of juveniles were returned to Youth Centers within three years. The recidivism rate was 52.9% for FY08.

In FY08 there were 39 inmate assaults on staff compared to 70 in FY07 with the highest number committed at the Harrisburg Youth Center in both years.

Expenditures From Appropriations

The General Assembly appropriated a total of \$29,330,600 to the Department in FY08. Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were \$16,050,382 in FY07 compared to \$17,408,213 in FY08. Most of the appropriated funds that were not spent were federal funds. However, there was \$1.6 million appropriated for the hiring of 50 additional front line staff in FY08 that was not used. The increase in expenditures from FY07 to FY08 was due primarily to the following:

- \$457,723 increase in EDP as these costs were allocated between DoJJ and DOC for the first time;
- \$333,426 increase in the contribution to SERS; and
- \$540,908 increase in federal funding.

Lapse period expenditures totaled about \$2.2 million for FY08, or 12.6% of total expenditures.

Cash Receipts

Appendix C contains a summary of cash receipts. Total cash receipts increased from about \$6.4 million in FY07 to \$8.1 million in FY08, principally due to increases in federal funds passed through the Illinois State Board of Education from the U.S. Department of Education, the U.S. Department of Agriculture, and the U.S. Department of Labor.

Property and Equipment

The balance at the end of FY08 for equipment was \$3,094,395. As indicated in Finding No. 3, the Department did not provide copies of the supporting documentation for FY07 State Property Forms. The documentation provided only included equipment located at the Youth Centers.

Accountants' Findings and Recommendations

Condensed below are the 25 findings and recommendations included in the audit report. The following recommendations are classified on the basis of updated information provided by Mary Ann Bohlen, Assistant Deputy Director, Fiscal Accounting Compliance, Department of Corrections, in a memo received on February 10, 2010 via electronic mail.

Accepted or Implemented

- 1. Reevaluate and restructure external audit process to ensure requested engagement documentation is provided in a timely manner as required by the Illinois State Auditing Act.**

Findings: The Department of Juvenile Justice (Department) did not provide requested documentation to the auditors in a timely manner and generally demonstrated a lack of cooperation during the examination.

As is necessary during a compliance examination, 271 specific written requests for information were made to the Department for documentation to perform audit testing. A liaison was provided to the Department's auditors as part of its interagency agreement with the Department of Corrections (DOC). All of these requests were routed through this liaison, as requested by the Department. As a result of the Department's audit request protocol, 135 of the requested documents were not provided timely.

Further, the Department did not adequately respond to all auditor requests for information. Specifically, they failed to provide auditors with all the requested documents. For those

Accepted or Implemented – continued

REVIEW: 4329

requests where documents were partially provided auditors could not complete the associated testing and considered the missing items to be exceptions. There were eight requests for items such as equipment cost, vehicle assignment list, and bank statements that were never filled.

Department management stated they were unable to provide the requested information timely because of timing constraints and competing priorities.

Because of the significance of the exceptions noted, this is considered to be a significant deficiency in the Department's internal control and a material weakness.

Updated Response: Implemented. The Agency will send out a notice to all executive and line staff of the protocols of the audit and mandate cooperation; staff will be dedicated during the audit to respond and escalate unanswered requests.

- 2. Accelerate efforts to segregate books and records from those of the Department of Corrections to comply with the originating legislation. Additionally, monitor more effectively the administrative services provided by DOC to ensure the Department's administrative responsibilities are being fulfilled.**

Findings: The Department of Juvenile Justice has not segregated many aspects of its administrative processes from the Department of Corrections as intended by statute.

The Law permitted the Department to share certain administrative services with the Department of Corrections (DOC) or a shared service center, including "...budgeting, accounting related functions, auditing, human resources, legal, procurement, training, data collection and analysis, information technology, internal investigations, intelligence, legislative services, emergency response capability, statewide transportation services, and general office support."

During the examination, auditors noted many instances where the Department's activities should have been segregated from those of DOC but were not because of the longstanding relationship with DOC and overextension of the interagency agreement. The specific problems noted were as follows:

- The Department's capital assets are maintained within the DOC Automated Property Control System (APCS) and the Department was unable to extract transaction reports specific to its activity.
- DOC maintains the adult facility resident portion of the DOC Resident's and Employee's Benefit Fund (Fund 1129) and the juvenile facility resident portion of the Department's Juvenile Justice Benefit Fund (Fund 1395) within one consolidated general ledger. The Department could not produce a detailed general ledger specific

REVIEW: 4329

to its activity and auditors could not select a sample of receipts and disbursements for testing without the use of data extraction software.

- DOC maintains the adult facility resident portion of the DOC Resident's and Employee's Benefit Fund (Fund 1129) and the juvenile resident portion of the Department's Juvenile Justice Benefit Fund in one umbrella bank account at a local financial institution. Within the umbrella account, subaccounts exist for the individual facilities. All disbursements are made from one operating subaccount. At any point in time, funds from an adult facility and a juvenile facility could be swept into this operating sub-account for disbursement.
- Department of Corrections personnel stated the Department of Juvenile Justice did not have specific Administrative Directives during fiscal years 2007 and 2008. Rather, the Department followed the DOC Administrative Directives.
- The Department did not adequately monitor the administrative services provided by DOC, and services provided were not always adequate considering the problems noted in the following findings, including but not limited to voucher and receipt processing weaknesses, untimely report submissions, and inaccurate recordkeeping.

Department management indicated the exceptions noted were directly related to the timing of the creation of the new agency. They further stated the funds were not entirely split at that time, and the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the agency.

Because of the significance of the exceptions noted, this is considered to be a significant deficiency in the Department's internal control and a material weakness.

Response: The Agency, through its enabling legislation, was required to utilize the administrative functions of the Department of Corrections. In that manner, no resource capacity was given to the Agency to perform those functions. During the audit period, the Agency worked, in coordination with Corrections, to establish an interagency agreement which would detail the functions and services involved. Corrections has, within the existing antiquated technology systems, worked to segregate the books of record to the extent possible.

Updated Response: Accepted and partially implemented. The Agency has separated property control and inmate benefit funds in FY09; the updating of the Administrative Directives is a work in progress.

- 3. Strengthen procedures over property and equipment to ensure accurate recordkeeping and accountability for all State assets.**

Accepted or Implemented – continued

REVIEW: 4329

Findings: The Department did not maintain accurate and adequate equipment and capital asset records. Auditors tested a sample of 16 equipment items from three Department divisions (General Office, School District, and After Care Services) for FY07 and FY08 to determine whether the equipment was in the correct location and/or was properly recorded in the Department's property and equipment system. The Department utilizes the Department of Corrections (DOC) Automated Property Control System (APCS). As a result of the testing the following exceptions were noted:

- One item (a computer costing \$505) could not be located.
- Five items were not recorded on the APCS property listings.
- One item could not be located at the location listed on the APCS report.

Auditors also identified the following inadequacies in the Department's equipment and capital asset recordkeeping process:

- The worksheet for the property report (C-15) does not provide individual transaction detail to support the summarized totals. Because the Department was unable to provide detailed information, auditors were unable to test the composition of the transactions reported on the Form C-15s in FY08. The Department did not provide the summary worksheets for any of the quarterly FY07 Form C-15 submissions.
- Due to the lack of transaction detail noted above, a reconciliation of the Department's Form C-15 submissions for FY08 to the property listings generated by the Automated Property Control System (APCS) at the end of each month could not be performed.
- The Department indicated APCS generates reports which detail the property transactions for the month. These reports are not cumulative. The Department could not provide the auditors with these reports for the examination period because the Department's property records are comingled with those of the DOC.
- The Department did not adequately document the date three of the eight required quarterly Form C-15s were prepared and submitted to the Office of the Comptroller. Four of the eight quarterly C-15s were filed late, ranging from 90 to 286 days late. The Form C-15 reports filed for FY08 were revised and submitted subsequent to year end.

Department management indicated the limitations inherent in a property control system in excess of 30 years old create difficulties in the recordkeeping related to equipment and capital assets. This inherent problem causes the Department to have to maintain several manual spreadsheets and files. Management further indicated, at this time, there is no funding to purchase a new property control system for the Department.

Because of the significance of the failure to maintain accurate and adequate equipment and capital asset records, this is considered to be a significant deficiency in the Department's internal control and a material weakness.

REVIEW: 4329

Updated Response: Implemented. The Agency has separated financial reporting, property and related records for DOC and DJJ; a complete physical inventory has been completed.

4. Take the following actions to improve administration of a locally held fund:

- **Direct DOC General Office to work with the Youth Center (IYC) personnel to ensure current and relevant financial information is available to them via the online banking site and within FACTS so each IYC is aware of the running balance of its sub-account of the Benefit Fund. If necessary, perform Department-wide training seminars to ensure the understanding and the communication of guidance related to the Benefit Fund records.**
- **Maintain sufficient source documentation to support the receipts deposited. Handwritten notes are not sufficient.**

Findings: During testing, the auditors identified exceptions related to the administration of the Department locally held (bank account) for the resident's portion of the Juvenile Justice Benefit Fund.

During the examination period, the Department's locally held funds were managed independently at each individual Illinois Youth Center (IYC) with the exception of the resident's portion of the Juvenile Justice Benefit Fund. The DOC General Office has assumed responsibility for the administration of the bank account of the resident's portion of the Benefit Fund. The following weaknesses were noted during the testing of the resident's portion of the Juvenile Justice Benefit Fund for the two years ended June 30, 2008:

- The sub-account from which disbursements are made includes transactions from all of the facilities (juvenile, adult, and ATC). As a result, very few IYCs perform a reconciliation of their activity to that which is recorded in the bank account. A few IYCs have begun to maintain manual journals, but cannot include the calculation of interest as they do not understand how interest is allocated to their sub-account.
- During testing at the IYCs it was found that two of eight could not access the online banking website.
- Testing was unable to be performed on receipts in the Department's resident's portion of the Benefit Fund.

Department management indicated the exceptions noted were directly related to the timing of the creation of a new agency. They further stated the funds were not entirely split at that time and the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the Department.

Accepted or Implemented – continued

Because of the significance of the exceptions noted with the locally held fund, this is considered to be a significant deficiency in the Department's internal control and a material weakness.

Updated Response: Implemented. In FY07, DOC and DJJ funds were maintained in separate bank accounts identifiable by facility. There was one general ledger, but the accounts were set up to clearly separate adult transactions from juvenile transactions. As a result of the audit finding, the general ledgers were split, creating a new database for DJJ as of the end of FY09.

5. Take steps necessary to meet the intent of the General Assembly when utilizing appropriation authority.

Findings: The Department failed to satisfy the legislative intent of its appropriation authority during FY07 and FY08 by not expending funds that the legislature appropriated to hire new front line staff.

Public Act 94-798 authorized the Department to expend \$1,250,000 from the General Revenue Fund for expenses related to hiring front line staff in FY07. The Department spent \$153,235 from that appropriation. Public Act 95-0348 authorized the Department to expend \$1,606,900 for hiring 50 additional front line staff in FY08. The Department spent \$0 from that appropriation. The Youth Centers reported 117 front line staff left employment with the Department during fiscal years 2007 and 2008, yet there was no new hiring of front line staff. Required and volunteer overtime and compensatory time is being used to cover staffing shortages.

Department management indicated the funds were not expended as the enabling legislation of the Department established new educational requirements for front line staff which required the establishment of a new job classification in accordance with the Personnel Code. Management indicated it took in excess of two years to finalize the new classification. Management further stated during fiscal year 2008, given the deteriorating budget condition of the State, reserves were placed on the Department's funding.

Updated Response: Implemented. The Agency has created the needed job classifications at CMS to fill these positions. The positions are being filled as fast as possible.

6. Establish procedures to report grant activity to the Office of the Comptroller for only those programs that relate to the Department and properly segregate Department and DOC programs.

REVIEW: 4329

Findings: The Department is required to report financial information for grants as part of its annual submissions to the Office of the Comptroller for preparation of statewide financial statements. Auditors noted the Department incorrectly reported activity on its Interfund Activity-Grantee Agency.

DOC is responsible for performing a portion of the services funded via some grants. When received, DoJJ deposited the funds in Fund 0523 – Department of Corrections Reimbursement Fund, which is a fund shared by the DoJJ and DOC. DoJJ then made book transfers of these funds to correspond with the DOC's use of the grants. By reporting these grants in this manner, the net effect was the Department understated receivables due from ISBE by \$492,000 and understated expenditures for fiscal year 2008 by \$32,000, resulting in adjustments to GAAP reporting forms for these amounts.

Updated Response: Implemented. With the assistance of a CPA firm, the Agency split out and reported upon the grants by agency, regardless of funding source.

- 7. Comply with statutory and Administrative Code requirements for selecting, awarding and contracting for commissary/concession service to the Youth Centers. In addition, review the process for pricing goods sold to residents to ensure equitable pricing between Youth Centers that are in close proximity as well as determining a reasonable amount to collect as commission on the commissary/concession sales.**

Findings: The Department does not have a formal written contract in place with a vendor providing commissary/concession type services at five Youth Centers. One Youth Center that did have a contract with the vendor did not comply with the requirements of the Procurement Code and the Administrative Code with regard to the selection of and contracting with the vendor.

The Department maintains a commissary operation for the residents at the Kewanee Youth Center, and six of the other seven Youth Centers utilize the same vendor to provide a commissary/concession service. The vendor for the six Youth Centers was paid approximately \$266,000 and \$226,000 by the residents, respectively for FY07 and FY08 commissary/concession goods.

As a result, of the testing performed the following exceptions were noted with the commissary/concession services contract entered into by St. Charles Youth Center.

- The contract entered into with the vendor was not prepared in a standard contract format and did not provide complete information in the form in which it was prepared. The contract was prepared by piecing together a request for proposal from the vendor to which the contract was awarded. The cover of the RFP received from the vendor had "Commissary Contract, valid 2-10-05 thru 6-30-08" hand written on it and a signature page was added to create a contract format. The signature page included the signature from a representative of the vendor and of the St. Charles

Accepted or Implemented – continued

Youth Center but did not contain the dates signed or names of the contracting parties. In addition, the witness area, description of contractual purpose, date an invitation for bid was issued and description of contractual needs being addressed on the signature page were not completed.

- The contract was not approved by the Department Director, which at the time would have been the Director of the Department of Corrections. The subsequent renewal of the vendor contract was signed by the St. Charles Youth Center Superintendent, but was not signed by the Director of the Department.
- Neither the solicitation for the commissary/concession service nor the subsequent notice of contract award was publicized in the Illinois Procurement Bulletin. Documentation was provided that proposals were received from three companies, but it was unclear sufficient publication and distribution of the request for proposal had been made. In addition, the contract file did not contain information indicating the basis on which the award was made or that the contract was awarded to the company with the most advantageous proposal to the State.

It was also noted that at June 30, 2008, the vendor price lists being used at three Youth Centers (Warrenville, St. Charles and Joliet) had 29 identical food/snack items priced differently. The three Youth Centers are within 25 miles of each other.

There is no statutory guidance on what is a reasonable markup/commission on goods to be sold to the residents. The Youth Centers, through the vendor, collect a 25% commission on the commissary/concession service sales because that is the maximum mark-up allowed at adult facilities. Since the Youth Centers do not have any expenses related to operating a commissary and incur minimal costs in distributing the purchased items from the vendor, the 25% commission collected from the commissary/concession service sales appears to be excessive.

Department management indicated the exception noted regarding the contract was due to an oversight and they are currently working to correct the problem.

Updated response: Accepted and partially implemented. The Agency has posted the procurement business case for these services, which CMS approved. The Agency is working to finalize the specifications for the services.

- 8. Remind Youth Center staff of the requirements related to the Inmate Benefit Fund administration as set forth in the administrative directives. In addition, prepare a formal administrative directive in accordance with the Comptroller's rules to cover the overall gift/purchase card process.**

REVIEW: 4329

Findings: Auditors noted numerous exceptions regarding the administration and operation of the benefit funds at Department Youth Centers.

Each Youth Center maintains an Employee Benefit Fund and bank account from which expenditures are made for the benefit of the Youth Center employees. Each Youth Center also submits requests for purchases from the Youth Center's Inmate Benefit Fund that is administered from DOC's General Office. The request for items to be purchased from the inmate benefit fund should generally be for items each resident will have a similar opportunity to benefit from. As a result of testing performed at the Youth Centers the following exceptions were identified:

- Five Youth Centers (Chicago, Joliet, Pere Marquette, St. Charles and Warrenville) were identified where the Inmate Benefit Fund committee did not officially meet during the audit period, yet all expended funds from their respective inmate benefit fund accounts. An Administrative Directive requires an inmate benefit fund committee to meet and review requests for expenditures.
- Two Youth Centers (Murphysboro and Kewanee) were identified where the Inmate Benefit Fund committee did not keep minutes of the actions taken when they met during the audit period as required by Administrative Directive.
- Testing of the inmate and employee benefit fund expenditures identified four Youth Centers (Pere Marquette, St. Charles, Kewanee and Joliet) where store gift/purchase cards were used to make purchases as opposed to having the store bill the Youth Center and process the payment through the normal expenditure process. The Youth Centers had purchased and or replenished the amounts available on the gift/purchase cards in excess of \$8,000. The Department does not have a written administrative directive relating to the use, reporting, and safeguarding of gift/purchase cards.

Department management indicated the exceptions noted were due to staffing limitations at the Youth Centers and staff errors.

Updated Response: Implemented. Facilities were reminded of the requirements for compliance with Administrative Directives.

9. **Work with the Office of the Comptroller to determine the appropriate means to document the establishment of the "cash box" imprest funds, and what reporting is required. Also, discontinue using the Inmates' Trust Fund or Inmates' Benefit Fund as means to provide cash to pay for travel allowances for committed, paroled and discharged prisoners. In addition, remind Youth Center staff of the need to maintain good internal controls over the "cash box" imprest fund function.**

Accepted or Implemented – continued

Findings: Six Department Youth Centers maintain a “cash box” imprest fund. The “cash box” is supposed to consist of cash from the Inmates’ Trust Fund to pay either all or a portion of a resident’s trust account upon their parole or release. In addition, cash is provided through a General Revenue Fund appropriation to the Youth Center to provide gate money and to purchase the resident’s transportation upon release or parole.

During testing of the “cash box” imprest funds at the Youth Centers the following exceptions were noted:

- The Department has never officially requested to establish the “cash box” imprest funds for the Youth Centers with the Illinois Office of the Comptroller.
- The Youth Centers are inappropriately using the Inmates’ Trust Fund and Inmates’ Benefit Fund to supply the “cash box” imprest funds pending reimbursement from the General Revenue Fund for gate and transportation money. In order for the Youth Centers to have cash to provide gate and transportation money, the Youth Centers write a check out of the locally held Inmates’ Trust Fund bank account and obtain cash to use in the “cash box”.
- The Department closed the travel fund checking account at the Chicago Youth Center during the engagement period and sent the ending balance, \$397, via check to the Murphysboro Youth Center for deposit into their Inmates’ Trust Fund.
- The St. Charles Youth Center has not requested reimbursement of their “cash box” imprest fund since fiscal year 2005 and has paid out \$490 associated with resident gate money and transportation cost since then. When future reimbursement is requested by the Youth Center it will be for disbursements related to previous fiscal years.
- Auditors identified 1 Youth Center (Warrenville) in which the “cash box” imprest fund was not always counted or reconciled by a person independent of the person assigned custody of the “cash box” imprest fund.

Department management indicated the exceptions noted at the Youth Centers were due to insufficient resources and conflicting priorities. They indicated the Department is mandated by law to provide funds to inmates upon their release.

Response: Accepted and partially implemented. The Agency will work with the Comptroller regarding the classification of the funds; has reminded the facilities of the requirements of good internal controls; but must, by law, provide inmates being released with travel and allowance funds. These funds are reimbursed by the General Revenue fund, but due to timing, must be ready upon the inmate’s release, and not paid weeks later. The Agency will strengthen its controls over the cash boxes and document inspections and counts of the cash in an effort to meet a level of compensating controls.

REVIEW: 4329

Updated Response: Accepted and partially implemented. The Agency has contracted with a bank to provide debit cards at release for inmates, eliminating the needs for cash boxes at the facilities. This resolves the audit finding and reduces risk of cash issues.

10. Fully utilize future funding that may be available to help the incarcerated youth of the State.

Findings: The Department failed to utilize available grant funds to purchase new computers for Illinois Youth Centers (IYC). The Department was awarded a \$330,000 federal grant from the Illinois Criminal Justice Information Authority (ICJIA) which required the Department to purchase computers and accompanying equipment for the IYCs for the Juvenile Job Preparation Program.

Failure to receive notification of the grant award in a timely manner limited the Department's ability to expand and enhance the programs provided to the juveniles and resulted in the loss of \$330,000 of federal funds to the Department.

Updated Response: Implemented. The Agency evaluates all grant opportunities to ensure compliance.

11. Implement an automated timekeeping system.

Findings: The Department payroll timekeeping system was not automated.

Department officials indicated they thought the automated payroll system project was delayed due to various issues that arose during the creation of the PSSSC. They stated a project began in August 2008, but ceased in January 2009 due to lack of funding.

Updated Response: Accepted. The timekeeping software vendor is anticipated to be paid for prior services on or about February 8, 2010. The Department has a team of subject matter experts designated to assist with and complete a successful installation.

12. Follow the Personnel Rules and the Administrative Directive and hold management accountable for completing employee performance evaluations on a timely basis.

Findings: The Department did not conduct performance evaluations in a timely manner. During testing of a sample of 50 employee performance evaluations, 48 (96%) were not performed on a timely basis. Youth Center employee evaluations were not performed timely.

Accepted or Implemented – continued

According to Department officials, supervisors and managers are aware of the Administrative Directive. However, the late evaluations could be due to a number of factors, including current staffing constraints and lack of follow-up.

Updated Response: Accepted and partially implemented. Agency staff were notified again of the requirements of the timely completion of evaluations.

13. Implement procedures to require employees to maintain timesheets in compliance with the law.

Findings: The Department is not requiring all of its employees to submit timesheets as required by the State Officials and Employees Ethics Act. During testing of timesheets for 25 employees the auditors noted the following exceptions:

- 14 (56%) did not submit timesheets in accordance with the Act. Auditors were provided with either a roll call sheet to demonstrate the employee was present on the day tested or a Sign In/Out sheet.
- Auditors were provided an attendance record for the incorrect time period for 6 (24%) other employees tested.

Department management indicated that due to the decentralized nature based upon shifts by staff, the existing manual timekeeping system would not provide this information.

Updated Response: Accepted. As part of the automated timekeeping system, the audit finding will be resolved. As noted in 08-11, the timekeeping software vendor is anticipated to be paid for prior services on or about February 8, 2010. The Department has a team of subject matter experts designated to assist with and complete a successful installation.

14. Allocate sufficient resources to comply with the Administrative Directive to document and ensure employees receive the required training to enable them to perform their specific job duties.

Findings: The Department is not properly documenting that all employees complete their minimum required number of training hours. In addition, no training coordinators were designated. The Department was unable to provide training documentation for 15 of 25 (60%) employees tested. For the 10 employees for which the Department could provide training documentation, the Department was unable to document that four had met the mandatory training hour requirements. Also, the documentation provided for three employees did not properly document the credit hours received. Auditors also noted the

REVIEW: 4329

Department was unable to document there were training coordinators for the School District and After Care Services.

Department management indicated the finding is related to limited resources to maintain the training documentation needed by the auditors. They further indicated the staff received numerous hours of training every year in order to perform their job duties.

Updated Response: Implemented. In FY10, training coordinators were identified and employees reminded of the training requirements.

15. Remind employees to follow the established Administrative Directive to ensure all State property and credentials are returned and other issues affecting separated employees are addressed.

Findings: The Department failed to follow the established standardized procedures when employees leave employment with the Department.

Auditors tested 15 employees who had separated during the examination period, noting the checklist was not completed for 10 employees and the Business Administrator did not sign and date the checklist for one employee. During FY07 and FY08, seven and eight employees, respectively, left employment with the Department.

Department management indicated the exceptions noted were due to oversights.

Updated Response: Implemented. A reminder of the requirements was sent to the supervisors.

16. Ensure all required documentation is maintained in employee personnel and payroll files in compliance with Department Administrative Directives and SAMS.

Findings: The Department failed to maintain all required documentation in the employee's personnel and payroll files. During testing of a sample of 50 employees, the auditors noted weaknesses with 24 of 50.

Department management indicated the exceptions noted were due to oversights.

Updated Response: Accepted. The exceptions noted were due to filing errors and a backlog of filing. The payroll filing has since been brought current. The Agency will periodically test the filing system for accuracy and timeliness.

Accepted or Implemented – continued

- 17. Implement procedures to ensure the “Agency Workforce Report” is filed with all required parties by January 1 of each year in accordance with State statutes.**

Findings: The Department failed to submit its FY07 “Agency Workforce Report” to the Governor’s Office as required by the State Employment Records Act.

The Department filed its fiscal year 2007 “Agency Workforce Report” with the Office of the Secretary of State, but failed to file the report with the Governor’s Office.

Updated Response: Implemented. The Agency completed the FY08 and FY09 reports timely and has controls in place to ensure the report is submitted as required.

- 18. Implement the necessary controls to adequately administer contractual agreements and ensure compliance with applicable statutes and procedures. Also, develop a comprehensive monitoring program which includes the development and implementation of written procedures over the procuring of services from outside entities and address scheduling, conducting, and documenting monitoring efforts.**

Findings: The Department failed to ensure proper controls were established in the administration of its contracts during the examination period. During testing of 25 contractual agreements at the General Office, auditors noted one contract totaling \$344,700 was not filed with the Comptroller within 15 days of execution.

Additionally, other auditors performing testing at a Youth Center (IYC Kewanee) noted two of the contract agreements tested were not signed by all parties prior to the beginning date as set forth in the contract agreements.

Auditors also noted the Department could not provide evidence that seven of 25 contractual agreements complied with the Department’s internal monitoring requirements.

Department management indicated the exceptions noted were due to errors and oversights.

Updated Response: Implemented. The Agency has created a master contract filing system. Requests by auditors for documentation will result in all contract documents being submitted.

- 19. Enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles.**

REVIEW: 4329

Also, send a formal notice to those employees whose jobs involve travel to remind them of the requirement and importance of filing accident reports in a timely manner. Consider disciplinary action for those employees who do not file reports in a timely manner.

Further, monitor the submission of accident reports to ensure the requirements are being met as required by the Administrative Directive.

Establish controls to ensure compliance with the Treasury Rule regarding personal use of a State vehicle.

Establish a procedure to receive a form from each employee allowed the personal use of a State vehicle to ensure proper records for the reporting of fringe benefits.

Review procedures over timely filing of the required annual certification of license and liability insurance.

Findings: The Department had several weaknesses regarding vehicle maintenance records, reporting of vehicle accidents, reporting the value of the “personal use” of State vehicles and annual certifications of license and vehicle liability coverage.

- During FY08, auditors examined maintenance records for 25 vehicles and noted 22 of 25 (88%) vehicles tested received inadequate maintenance.

Additionally, auditors noted 35 of the Department’s 110 vehicles were listed as being in poor, very poor, or inoperable condition during FY07 and 30 of the Department’s 102 vehicles were listed as being in poor, very poor, or inoperable condition during fiscal year 2008. For FY08, the auditors at Youth Centers noted that facility personnel consider five of the 95 vehicles to be inoperable.

- During testing of five reported accidents involving State-owned vehicles, auditors noted two instances in which the accidents had not been reported to the Department of Central Management Services timely.
- The Department has adopted the U.S. Department of the Treasury Rule and developed Form DC 352, Determination of Value of Personal Use of State Vehicle, to report the value of “personal use” of a State vehicle as a fringe benefit. During testing of employees who were allowed the “personal use” of a State vehicle, the Department could not provide the auditors with documentation for four of five of employees tested.
- The Department could not provide documentation for license and insurance certifications for one of six employees tested that were assigned a Department vehicle. Of the five license and insurance certifications received and tested, one was filed 199 days late.

Accepted or Implemented – continued

REVIEW: 4329

Department management indicated the vehicles were routinely maintained, but due to the laborious nature of the existing fleet management system, document input was delayed. Other errors noted were due to oversights.

Updated Response: Accepted and partially implemented. The Agency has implemented the use of the automated system for tracking vehicle maintenance; has limited the use of personally assigned vehicles, and continues to look for ways for gain better efficiencies from its fleet.

20. Direct personnel preparing the reconciliations to sign and date them when completed so the Department can demonstrate timely reconciliations were performed.

Findings: The Department could not demonstrate the timely reconciliation of Department expenditure records to those of the Office of the Comptroller, as required by the SAMS. During testing of 12 division reconciliations, auditors noted there were no date stamps or sign offs to indicate when the reconciliations were performed. As a result, it was not possible for the Department to demonstrate when the reconciliations were performed and whether they were performed on a timely manner.

Department personnel stated the reconciliations were performed each month, but agreed they could not document this because no dates were recorded on the reconciliation worksheets.

Response: Implemented. Effective with FY09, the reconciliations are dated and signed to prove to the auditors they were done timely.

21. Comply with the laws, regulations and rules to ensure adequate controls over voucher processing and collect any overpayments previously made to employees.

Findings: The Department did not have adequate controls over voucher processing for the General Office and for Youth Centers. During testing of invoice vouchers, auditors noted:

- Thirty of 175 (17%) vouchers tested at Youth Centers which totaled \$50,423 were not approved within 30 days after receipt of the vendor invoice.

During testing of 25 travel vouchers, auditors noted:

- Two vouchers did not include the approval signature of the traveler's immediate supervisor which confirms that the traveler was performing official State business.
- Two vouchers totaling \$347 did not properly include the employee's residence.

REVIEW: 4329

- Three vouchers totaling \$839 did not properly include a voucher approval date.
- One voucher reimbursed lodging in excess of the rates allowed by the Governor's Travel Control Board Travel Guide.
- Two vouchers reimbursed travelers for meals in excess of amounts allowed by Administrative Directives.
- One voucher was not mathematically correct. The employee was reimbursed \$70 more than supporting documentation provided.

During testing of 25 printing vouchers, auditors noted:

- Three vouchers totaling \$2,456 were not supported by an approved purchase order.
- One voucher totaling \$3,089 did not properly include a voucher approval date.

During testing of 15 equipment vouchers, auditors noted:

- Five vouchers totaling \$22,304 were not supported by documentation required by purchasing requirements for equipment purchases, including approved equipment listings, contract release orders, and bid documentation.
- One voucher totaling \$7,263 was charged to the wrong fiscal year.
- Three vouchers totaling \$13,604 did not contain accurate tag numbers which could be traced to the property control listing.

During testing of 25 operation of automotive equipment vouchers, auditors noted:

- One voucher totaling \$1,410 did not include an indication of approval.
- One voucher totaling \$4,775 contained cost information which did not agree to the supporting vendor invoice.

During testing of lapse period vouchers, auditors noted:

- One of 60 vouchers tested totaling \$561 did not include indication of approval.

During testing of lump sum vouchers at the General Office the auditors noted:

- One of 50 vouchers tested totaling \$75 was not supported by a vendor invoice.

Department management indicated the exceptions noted were due to oversights and limited resources.

Accepted or Implemented – concluded

REVIEW: 4329

Updated Response: Accepted. The facilities have been reminded of the importance of the review of vouchers. They are to verify any pending vouchers in the accounting system no less than weekly.

22. Implement controls to ensure cash receipts and refunds are deposited in a timely manner in accordance with State law and SAMS.

Findings: The Department did not pay into the State treasury the gross amount of the money received on a timely basis as required by State law.

Department management indicated the errors noted were due to staff errors and transitions of vacancies.

Response: Accepted. The Agency will make every effort to ensure receipts and refunds are processed timely and accurately.

Updated Response: Implemented. Payroll refunds are posted timely and accurately.

23. Submit annual Bilingual Needs and Bilingual Pay Survey to DCMS in a timely manner.

Findings: The Department failed to submit the Bilingual Needs and Pay Survey FY07 to the Department of Central Management Services which was necessary for DCMS to accurately prepare the State's 2008 Hispanic Employment Plan.

Department management indicated the exception was due to competing priorities of limited resources.

Updated Response: Implemented. The Agency reports the information as required.

24. Prepare and submit required reports in accordance with the established requirements.

Findings: The Department failed to timely prepare and submit the required reports as follows:

- The Department did not complete the final submission of information for the Service Efforts and Accomplishments (SEA) Report as required by the Office of the State Comptroller for the year ended June 30, 2007.
- The Department did not file the Annual Real Property Utilization Report in a timely manner in compliance with the State Property Control Act.

REVIEW: 4329

- The Department did not file its Travel Headquarter Reports (TA-2 Report) with the Legislative Audit Commission in a timely manner. The TA-2 Report due January 15, 2007 was filed 16 days late and the TA-2 Report due January 15, 2008 was filed 2 days late. One of 11 employee travel vouchers tested listed a headquarters on the travel voucher that was different than the employee's headquarters as listed on the TA-2 Report. Further investigation noted the TA-2 Report was incorrect.

Department staff indicated the reports were not completed due to timing constraints and conflicting priorities.

Updated Response: Accepted and partially implemented. The Agency has submitted the SEA, Real Property Utilization, TA2 Reports, and Financial Impact Reports timely and accurately. The Statistical Report is not yet done.

- 25. Consult with the Office of the Treasurer's Unclaimed Property Division as to how the Department should handle prior year's outstanding checks that have been added back to the locally held bank accounts. In addition, work with DOC to change the Administrative Directive to comply with the Uniform Disposition of Unclaimed Property Act and inform those charged with administering locally held bank accounts of the requirements.**

Findings: The Department follows a DOC established Administrative Directive to add back to locally held bank accounts outstanding checks as opposed to sending the outstanding amounts and information to the Treasurer's Unclaimed Property Division, in violation of the Uniform Disposition of Unclaimed Property Act.

DOC Administrative Directive 02.40.14 requires that after checks written from a locally held bank account and outstanding for a period of 14 months be voided and the payable related to the check deleted.

The Unified Code of Corrections allows the Department to transfer any unclaimed money held in the account of a committed person separated from the Department and unclaimed for a period of one year to the State Treasurer for deposit into the General Revenue Fund. This would only apply to inmate account balances in the Inmates' Trust Fund, not to outstanding checks.

The Uniform Disposition of Unclaimed Property Act states all debts owed, entrusted funds or other property held by the State or by a State agency shall be presumed abandoned if the property (debt owed) has remained unclaimed for 7 years.

Department management indicated they were not aware the Act applied to checks written from locally held funds.

REVIEW: 4329

Updated Response: Under Study. The Chief Legal Counsel at Department of Corrections, in cooperation with the Department of Juvenile Justice Chief Legal Counsel will work with the legal staff at the Treasurer's Office to obtain clear guidance on this issue.

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 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, to insure the integrity of State records, or 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 FY07-08, the Department of Juvenile Justice, General Office, filed no affidavits for emergency purchases.

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 its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

The Headquarters report was filed for the Department of Juvenile Justice with the Department of Corrections for 2007, 2008 and the first reporting period of 2009. The Department of Juvenile Justice filed a separate report for the first time on July 13, 2009. Five employees were assigned to locations other than official headquarters.