

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Juvenile Justice
Two Years Ended June 30, 2010

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

**REVIEW: 4373
DEPARTMENT OF JUVENILE JUSTICE
TWO YEARS ENDED JUNE 30, 2010**

**FINDINGS/RECOMMENDATIONS - 16
REPEATED - 14**

**IMPLEMENTED - 9
ACCEPTED - 6
UNDERSTUDY - 1**

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 25

This review summarizes the auditors' report on the Department of Juvenile Justice for the two years ended June 30, 2010, filed with the Legislative Audit Commission on August 18, 2011. This is the first compliance examination to include the eight Illinois Youth Centers (IYCs) in the report with the Department's general office. This is the second 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. On April 1, 2010, an executive order was issued commissioning a plan for integrating the Department of Juvenile Justice into DCFS. Nineteen committees were active in contributing to the Integration Plan; however, the merger has not occurred.

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 Director during the audit period. Arthur D. Bishop began serving as Director on July 16, 2010 and he remains in that position. Director Bishop was previously employed by DCFS for 16 years.

The Department relied on the Department of Corrections for its primary administrative functions. The average number of employees at the years indicated was as follows:

REVIEW: 4373

	2010	2009	2008
General Office	2	1	-
School District #428	121	103	79
After Care Services	1	1	3
Youth Centers	1,080	1,048	na
TOTAL	1,204	1,153	82

The value of overtime hours paid department-wide was \$5.3 million in FY10 compared to \$7.7 million in FY09.

Population and Average Cost Per Resident

Appendix A provides a summary of average populations and yearly cost per inmate for FY10 and FY09 at each of the juvenile centers. According to statistics provided by the Department, the average daily population of the Youth Centers was 1,192 in FY10 and 1,329 in FY09. In FY10, Pere Marquette had the lowest average population with 18 youth, and Harrisburg had the highest average population with 276 youth. The rated capacity for all Centers at June 30, 2010 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 \$86,861 in FY10 with a high at Pere Marquette of \$215,750 per youth compared to a low of \$69,321 per youth at Harrisburg. For FY10, 48.6% of juveniles were returned to Youth Centers within three years. The recidivism rate was 50.1% for FY09.

In FY10 there were 71 inmate assaults on staff compared to 64 in FY09 with the highest number committed at the Harrisburg Youth Center in FY10 (16 assaults) and at Warrenville Youth Center in FY09 (15 assaults).

Expenditures From Appropriations

REVIEW: 4373

The General Assembly appropriated a total of \$137,164,300 to the Department in FY10. Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were \$120,259,955 in FY10 compared to \$134,153,677 in FY09. The decrease in expenditures from FY09 to FY10 was due primarily to a \$16 million decrease in funding for retirement. In FY10, retirement was funded out of the statewide continuing appropriation through proceeds from the sale of bonds instead of GRF appropriated to the Department.

Lapse period expenditures totaled almost \$8.8 million for FY10, or 7.3% of total expenditures.

Cash Receipts

Appendix C contains a summary of cash receipts. Total cash receipts increased from almost \$6 million in FY09 to about \$6.3 million in FY10, principally due to federal stimulus package funds.

Property and Equipment

Appendix D provides a summary of property and equipment for FY09-10. The balance at the end of FY10 for property and equipment was \$204,042,604 compared to \$201,241,178 at the beginning of FY09.

Accountants' Findings and Recommendations

Condensed below are the 16 findings and recommendations, 14 repeated, included in the compliance examination. The following recommendations are classified on the basis of updated information provided by Brett Finley, Chief Internal Auditor, Department of Juvenile Justice and Department of Corrections, in a memo received on March 6, 2012 via electronic mail.

Implemented or Accepted

- 1. Accelerate efforts to segregate books and records from those of the Department of Corrections to comply with the originating legislation. Additionally, effectively monitor the administrative services provided by DOC to ensure the Department's administrative responsibilities are being fulfilled. (Repeated-2008)**

Finding: The Department of Juvenile Justice (Department) has not segregated certain aspects of its administrative processes from the Department of Corrections (DOC) as intended by statute.

Implemented or Accepted – continued

REVIEW: 4373

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. While the Department was permitted a short period of time to plan for the creation of a new State agency, the exceptions noted below were still ongoing during the current examination.

- 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 all of its activities.
- DOC maintains the adult facility resident portion of the DOC Resident's and Employee's Benefit Fund and the juvenile resident portion of the Department's Juvenile Justice Benefit Fund in separate accounts at a local financial institution. However, all disbursements are made from one operating account.
- During the examination period, the Department reviewed the DOC Administrative Directives and identified which DOC Administrative Directives it needed to title as Department of Juvenile Justice Administrative Directives and claim as its own. For those identified as Department of Juvenile Justice Administrative Directives (A.D.s), the Department modified the title to reflect its Department name and included the name of its Director, but the body of the A.D.s remained relatively the same as the DOC A.D.
- The Department did not adequately monitor the administrative services provided by DOC. Services provided were not always adequate.

Department management indicated the current exceptions were directly related to ongoing issues related to the creation of the new agency. They further stated the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the agency.

Updated Response: Accepted. The Department is working to segregate its books and records from the Department of Corrections and the Office of Internal Audit is providing a follow-up control mechanism to ensure adequate and appropriate implementation occurs.

2. Strengthen procedures over property and equipment to ensure accurate recordkeeping and accountability for all State assets. (Repeated-2008)

Finding: The Department did not maintain accurate and adequate equipment and capital asset records. Auditors tested a sample of 60 equipment invoice vouchers for fiscal years 2009 and 2010 and noted the following exceptions:

- The items purchased from ten invoice vouchers tested totaling \$55,566 were not recorded in the APCS property listings and were not issued property control tags.

REVIEW: 4373

- The Department could not provide APCS reports for the first seven months of the examination period, and for several months thereafter, could not provide APCS for several divisions. As a result, the auditors were unable to trace 14 items tested to a relevant property control system report.
- Auditors noted one invoice voucher for \$71,699 was made as an emergency purchase for single beds and related furniture to replace double bunks at the Illinois Youth Center (IYC) St. Charles which were deemed to be a danger to the health and safety of the youth. The Department was unable to document they removed the cost of the assets from their property control records.

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

- The Department's summary worksheet used to prepare its quarterly Agency Report of State Property Form (C-15) for submission to the Comptroller's Office does not provide individual transaction detail to support the summarized totals. Auditors were unable to test the composition of the transactions reported on the Form C-15s for fiscal years 2009 and 2010. Additionally, due to the significant number of property control system reports which were unavailable, auditors were unable to adequately test amounts included on the summary worksheets.

During testing of fixed assets at the various Youth Centers, auditors noted the following exceptions:

- At two Youth Centers (Joliet and Warrenville), auditors were unable to locate equipment items identified on the property control listing provided by the Department.
- At one Youth Center (Warrenville), a printer was found to be at the correct location as noted on the property control listing; however, the item was not tagged.

For exceptions noted during the current examination, management indicated the limitations inherent in the property control system in excess of 30 years old creates difficulties in the recordkeeping related to equipment and capital assets. This inherent problem causes the Department 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. Management attributed the other exceptions noted to human error and oversight.

Implemented or Accepted– continued

REVIEW: 4373

Updated Response: Accepted. During an absence of sufficient resources, the Department contracted with an accounting firm to assist in meeting the necessary fiscal requirements. The Assistant Deputy Director position responsible for Fiscal Accounting Compliance was filled effective February 1, 2012.

- 3. Comply with all statutes and other applicable rules and regulations in place pertaining to the separation from the Department of Corrections and operate within the fiscal restraints of each department's appropriation. In addition, track usage of the postage meter at Concordia Court and ensure postage is not being paid by the Department of Corrections.**

Finding: The Department allowed the Department of Corrections to pay for its postage and permanent improvement expenditures.

During the examination period, the Department of Juvenile Justice and the Department of Corrections utilized one postage meter at the Concordia Court campus, where the General Office division of each department is located. No allocation between the two distinct State agencies was made for postage usage, and identical postage balances were provided when requested by the auditors during the compliance examination of the Department of Corrections.

Department management stated the total amounts charged to the General Office of the Department of Corrections for postage in fiscal years 2009 and 2010 were \$72,859 and \$75,174, respectively. No amounts were charged to the General Office of the Department of Juvenile Justice. Auditors inferred that the Department of Corrections incurred the postage expenditures of the Department of Juvenile Justice's General Office division.

Additionally, the Department of Corrections paid for \$8,292 of permanent improvements for the Illinois Youth Center (IYC) at Warrenville, which is administered by the Department of Juvenile Justice. The Department did not receive an appropriation for permanent improvement expenditures in fiscal year 2009.

Department management indicated the exceptions were due to employee oversight. This oversight was attributable to the fact that both agencies' expenditures are processed by the same staff at the Public Safety Shared Services Center and the Department of Juvenile Justice is a newly created agency that was previously a part of the Department of Corrections.

Updated Response: Implemented. The fiscal records and expenditures of IDJJ and IDOC have been separated and maintained independent of each other in accordance with all statutes, rules and regulations.

- 4. Comply with the statutory and Illinois Administrative Code requirements for selecting, awarding and contracting for commissary/concession service to the**

REVIEW: 4373

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. (Repeated-2008)

Finding: 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 Illinois Procurement Code and Illinois Administrative Code with regard to the selection of and contracting with the vendor.

During the previous examination, auditors also noted the Department used vendor price lists at three Youth Centers (Warrenville, St. Charles, and Joliet) with 29 identical food/snack items priced differently. Those three Youth Centers are within 25 miles of each other. During the current examination, auditors were told there had not been any changes made to the pricing process utilized at the various Youth Centers.

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. The Department of Corrections utilizes a 25% markup on goods sold in their Correctional Center commissary operations. The 25% markup is the statutory maximum markup that can be added by the Department of Corrections. The profit generated from the markup of the goods sold at the Department of Corrections commissaries is split 60% to pay the cost of operations of the commissaries and 40% to the residents benefit funds.

In response to the continued exceptions, the Department indicated it is continuing to work to correct the problem. The Procurement Business Case for Department concessions was not approved by the Governor's Office of Management and Budget until subsequent to fiscal year 2010.

Updated Response: Implemented. The Department has procured a commissary services contract and has revised pricing sheets for each Youth Center.

- 5. Work with the Illinois 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 Inmate Trust Fund or Benefit Fund as means to provide cash to pay for travel allowances for committed, paroled and discharged youths while waiting for reimbursement from the General Revenue Fund. In addition, remind Youth Center staff of the need to maintain good internal controls over the "cash box" imprest fund function. (Repeated-2008)**

Implemented or Accepted – continued

REVIEW: 4373

Finding: Seven Youth Centers maintain a “cash box” imprest fund. Cash is maintained in the cash box from the Juvenile Justice Inmate Trust Fund (Inmate 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 parole or release.

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 Inmate Trust Fund and Juvenile Justice Benefit Fund (Inmate Benefit Fund) to supply the “cash box” imprest funds pending reimbursement from the General Revenue Fund for gate and transportation money.
- The Kewanee Youth Center has not requested reimbursement of their “cash box” imprest fund since fiscal year 2005 and has paid out \$876 associated with youth 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 noted one Youth Center (Warrenville) at which a lack of segregation of duties existed while reconciling the “cash box.”

Department management indicated the continued exceptions noted at the Youth Centers in the current finding were due to insufficient resources and conflicting priorities. The Department is mandated by law to provide funds to youths upon their release.

Updated Response: Implemented. The Department consulted with the Office of the Comptroller and it was determined that the Department did not have true imprest funds, but did establish another locally held fund to pay for travel and allowance. Trust funds are no longer used to pay for travel and allowance and Youth Center staff has been trained on internal control over the cash box function.

6. Revise internal policy for dormant accounts and ensure dormant cash accounts are timely transferred to the General Revenue Fund as required by statute.

Finding: The Department Youth Centers have adopted an established Department of Corrections procedure to offset Juvenile Justice Inmate Trust Fund (Inmate Trust Fund) accounts with positive cash balances against accounts with negative balances prior to the transfer of unclaimed cash balances to the General Revenue Fund (GRF). Unclaimed accounts with positive balances are not transferred to the GRF until the net balance of accounts is positive.

REVIEW: 4373

In relation to the exceptions noted in the current examination, Department management indicated its internal policy for dormant accounts is to only transfer positive balances which exceed negative balances in total for all youth accounts.

Various causes account for a negative balance, such as restitution for damages and charges for requested legal copies or postage, which could not, according to Department rules, be denied even if the youth's trust account had an insufficient balance. The majority of negative balances did not involve cash distributions from the Inmate Trust Fund, but represented amounts the Center paid from the GRF and other funds on behalf of a youth and can only be recouped if cash is available in a youth's account.

Offsetting negative account balances against other accounts in the Inmate Trust Fund effectively requires other youths' accounts to temporarily bear the costs of those deficits in the violation of the Department's fiduciary responsibility and the Unified Code of Corrections. In addition, failure to ensure dormant cash balances are transferred to the General Revenue Fund is noncompliance with the Administrative Directive and State statute.

Updated Response: Accepted. The Department's Legal Counsel has reviewed the issue and is scheduling a meeting with the Office of the Treasurer's Legal Counsel to discuss the appropriate action.

- 7. Consult with the Office of the Treasurer's Unclaimed Property Division on how to 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. (Repeated-2008)**

Finding: The Department has adopted 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.

Department of Corrections Administrative Directive requires that after checks written from a locally held bank account have been open (outstanding) for a period of 14 months they 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 youth account balances in the Inmate Trust Fund, not to outstanding checks.

Implemented or Accepted – continued

REVIEW: 4373

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 seven years.

In response to this finding in the prior examination, the Department stated it was consulting with the Chief Legal Counsel at the Treasurer's Office concerning the finding. As of the time of the auditors' testing, Department management indicated they had not yet had the opportunity to consult with the Treasurer's Office due to insufficient personnel resources, which was attributed to the continuation of the current Department practices.

In addition to noncompliance with the Uniform Disposition of Unclaimed Property Act, the Department is not providing the opportunity for those that are owed money from the various locally held bank accounts to claim and collect those amounts.

Updated Response: Accepted. The Department's Legal Counsel has reviewed the issue and is scheduling a meeting with the Office of the Treasurer's Legal Counsel to discuss the appropriate action.

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

- **Separate the DOC Resident's and Employee's Benefit Fund and Juvenile Justice Benefit Fund into two separate bank accounts.**
- **Maintain sufficient source documentation to support the receipts deposited. Handwritten notes are not sufficient. (Repeated-2008)**

Finding: The Department's General Office inadequately administered its locally held (bank accounts) funds during the examination period.

During the examination period, the Department's locally held funds were managed independently at each individual Youth Center with the exception of the resident's portion of the Juvenile Justice Benefit Fund. The resident's portion of the benefit fund for the Youth Centers is consolidated into one bank account that is managed at the Department of Corrections' (DOC) General Office by the Public Safety Shared Service Center (PSSSC).

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, 2010:

- The Department of Corrections maintains separate accounts for the juvenile facility resident portion and the adult facility resident portion, which belongs to the Department of Corrections, of the benefit fund at a local financial institution. However, all disbursements are made from one operating account.
- The Department did not maintain copies of external documentation to support receipts deposited in the resident's portion of the Juvenile Justice Benefit Fund.

REVIEW: 4373

Receipts could not be traced to source documentation, as the source documents are not maintained by the Department's General Office.

The Department indicated the failure to appropriately separate the overall umbrella bank account and maintain source documentation was due to conflicting priorities and employee oversight.

Updated Response: Implemented. IDJJ and IDOC funds were separated and all source documentation is being maintained.

9. Remind the Youth Center staff of the requirements related to the locally held fund administration as set forth in the administrative directives. In addition, prepare a formal administrative directive to cover the overall gift/purchase card process. (Repeated-2008)

Finding: The Department Youth Centers inadequately administered locally held (bank accounts) funds during the examination period. Auditors noted the following exceptions at the Youth Centers:

- Two Youth Centers (Pere Marquette and Warrenville) did not follow a Department adopted Administrative Directive regarding the administration of the Resident Benefit Fund or the Employee Benefit Fund. Auditors noted instances where the required committees did not officially meet to discuss and approve expenditures; did not maintain minutes of the meetings; and failed to document approvals of expenditures.
- Two Youth Centers (Chicago and Warrenville) did not deposit locally held fund receipts timely. Cash accumulated in the amount of \$1,000 or more on any Business Office working day must be deposited no later than 12:00 a.m. the next working day. The A.D. also requires deposits to be made at least once a week.
- One Youth Center (Warrenville) did not timely disburse all 19 discharged resident trust fund account balances tested due to the absence of a key employee from November 2008 through mid-March 2009. The tested disbursements ranged from 35 to 223 days late and totaled \$4,272. During the time of the employee's absence, Youth Center management stated no disbursements were made to residents.
- Two Youth Centers (Joliet and Kewanee) did not deposit earned interest to individual accounts for balances in excess of \$200 of the residents' locally held trust fund accounts nor did they deposit any residents' locally held trust fund accounts in excess of \$200 into individual interest bearing savings accounts.

Implemented or Accepted – continued

REVIEW: 4373

- One Youth Center (Kewanee) did not maintain an adequate segregation of duties over the inventory function within a locally held fund.
- Seven Youth Centers (Chicago, Harrisburg, Joliet, Kewanee, Murphysboro, Pere Marquette, and St. Charles) utilized store gift/purchase cards to make about \$8,400 in purchases as opposed to having the store bill the Youth Centers and process the payment through the normal expenditure process.

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

Updated Response: Implemented. Department staff has been reminded of the requirements and the Office of Internal Audits performed an audit of locally held funds at the Centers. Recommendations from the audit are currently being implemented.

11. Follow the Personnel Rules and the established Administrative Directive and hold management accountable for completing employee performance evaluations on a timely basis. (Repeated-2008)

Finding: The Department did not conduct performance evaluations in a timely manner or at all. During testing of a sample of 60 employee personnel files, 41 exceptions were noted related to employee performance evaluations. Twenty-eight of the 41 employees' performance evaluations were not performed timely and ranged from one to 150 days late. For 13 of the 41 exceptions noted, performance evaluations were not documented as being performed.

Department management indicated performance evaluations were not conducted in a timely manner due to staffing constraints, oversight and lack of adequate follow-up.

Updated Response: Implemented. The Department has reminded management staff and emphasized the importance of completing and documenting employee performance evaluations on a timely basis.

12. 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. (Repeated-2008)

Finding: The Department is not properly documenting that all employees complete their minimum required number of training hours.

During testing of the Department's training records for fiscal years 2009 and 2010, the Department was unable to provide documentation that 32 of 60 (53%) employees selected

REVIEW: 4373

had completed all the mandatory training hour requirements. In addition, the Department could not provide any training documentation for three of 60 employees selected.

Department management indicated the lack of adequate documentation for training at various youth facilities for the current engagement was due to a failure to appropriately document training hours and follow-up to ensure adequate hours are provided and attended during the year.

Updated Response: Implemented. The Department is complying and documenting required training for all employees.

13. Ensure all required documentation is maintained in employee personnel and payroll files in compliance with Department Administrative Directives and SAMS. (Repeated-2008)

Finding: The Department failed to maintain all required documentation in the employee's personnel and payroll files. During testing of 60 employees' personnel files, 34 of 60 employees' personnel files were not properly maintained. The following exceptions were noted:

- Two of 60 files included a Personnel/Position Action Form (CMS-2) which did not agree to the amount paid to the employee during the pay period.
- The Department was unable to provide signed deduction authorization cards or insurance forms for 21 of 60 files tested. A total of 27 salary deduction authorizations were missing among the 21 files tested.
- The Department was unable to provide accurate insurance forms for 11 of 60 files tested.

Department management indicated the lack of documentation in the employee personnel files at various youth facilities was due to failure to timely document changes, improper filing, human error and oversight.

Updated Response: Implemented. The Department is maintaining all required documentation in employee personnel and payroll files as required.

14. Implement the necessary controls to adequately administer contractual agreements and ensure compliance with applicable statutes, Department Administrative Directives and the SAMS manual. (Repeated-2008)

Implemented or Accepted – continued

REVIEW: 4373

Finding: The Department failed to ensure proper controls were established in the administration of its contracts during the examination period. During testing of 61 contractual agreements, auditors noted five of 61 contracts totaling \$230,825 did not include certifications and disclosures, or included incomplete disclosures, required by the Illinois Procurement Code. Additionally,

- One of 61 contracts for \$10,968 was not signed by the Department Director.
- The Department could not demonstrate adequate contract monitoring for 22 of 61 contracts totaling \$12,519,969.
- One of 61 contracts for \$38,400 required invoices to be submitted 30 days after the work was performed; however, billings were submitted up to 90 days late.

During testing of emergency purchases for which affidavits had been filed, auditors noted one of two emergency purchases for \$64,668 was not published in the Illinois Procurement Bulletin and the related affidavit was not filed within 10 days after the procurement as required. The emergency purchase affidavit was filed 23 days late.

During testing of the Department's lump sum appropriations, auditors noted the Department did not follow the payment schedule or the billing rates within the contractual agreements for two contractual agreements tested.

Department management indicated the failure to ensure proper controls were established in the administration of contracts was due to employee oversight, human error, lack of resources and inadequate communication within the Department.

Updated Response: Accepted. The Department is working on the necessary controls to adequately administer its contractual agreements and ensure compliance with applicable statutes and Administrative Directives.

15. Regarding travel procedures:

- **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.**
- **Monitor the submission of accident reports to ensure the requirements are being met as required by the Department's Administrative Directive.**
- **Enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles.**
- **Establish controls to ensure compliance with the Treasury rule related to personal use of a State/Department assigned vehicle.**

REVIEW: 4373

- **Establish a procedure to receive the proper Department forms 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. (Repeated-2008)**

Finding: The Department did not follow State statute, Department administrative directives and State administrative rules 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.

Auditors found Department employees were not ensuring that vehicles were adequately maintained and that accidents involving State vehicles were reported in a timely manner. In addition, the Department did not maintain adequate controls over the reporting of the value of the “personal use” of a State vehicle as a fringe benefit. As a result, taxable fringe benefits related to the personnel use of State vehicles may not be properly recorded. Finally, the annual certification of license and vehicle liability coverage was not completed timely.

Department management indicated the exceptions related to the operation of automotive equipment were due to conflicting priorities, human error and employee oversight.

Updated Response: Implemented. The Department reminded employees of all the requirements regarding State vehicles and has increased the oversight to ensure compliance.

- 16. Work together with the members of the Juvenile Advisory Board and provide the necessary resources to ensure the required reports are developed and submitted on a timely basis to the required parties in accordance with statute. (Repeated-2008)**

Finding: During testing, auditors noted the Department failed to prepare and/or submit two reports to either the Office of the Governor and/or the General Assembly as required. Specifically, the auditors noted the following exceptions:

- The Department failed to timely submit its fiscal year 2008 “Agency Workforce Report” to the Office of the Governor. The report was submitted on May 18, 2010, approximately 16 months late.
- The Juvenile Advisory Board (Board), of which the Director of the Department is an ex officio member and serves as secretary, has not yet established outcome

Implemented or Accepted – concluded

REVIEW: 4373

measures for the Department in order to ascertain it is successfully fulfilling the mission as outlined in the Unified Code of Corrections (730 ILCS 5). No formal report on the results of the Department's work as defined by those measures has been submitted to the Governor and General Assembly since the effective date of the statute, which was June 1, 2006.

Department management stated the fiscal year 2008 "Agency Workforce Report" had been prepared and signed by the Chief Fiscal Officer on December 23, 2008 and was believed to have been submitted to the Office of the Governor by the due date as required. However, the Department failed to verify receipt of the report by the Office of the Governor. When the Department was notified in May 2010 that the report had not been received, the Department promptly resubmitted the report to the Office of the Governor.

Department management indicated the report on the Department's work as defined by the outcome measures that were to be established by the Board was not completed due to timing constraints and conflicting priorities.

Updated Response: Accepted. The Department is making every effort to file the required reports/plans timely and as required.

Under Study

10. Comply with the State Officials and Employees Ethics Act on timekeeping and work towards implementing an automated timekeeping system. (Repeated-2008)

Finding: The Department payroll timekeeping system was not automated. During testing of the Department's manual timekeeping system, timesheets for 60 employees were selected and auditors noted exceptions related to 58 of the employee timesheets, summarized as follows:

- Fifty-four of 60 employees did not submit timesheets in accordance with statute.
 - Auditors were provided with a roll call sheet for 30 employees to demonstrate the employee was present on the day tested and a Sign In/Out sheet for 22 employees. Sign In/Out sheets and roll call sheets, which are utilized by most of the Department's approximately 1,200 employees, document the occurrence and reason for an employee's absence and are approved by the supervisor. The Sign In/Out sheets and roll call sheets do not document time spent to the nearest quarter hour on official State business.
 - Auditors were provided with weekly attendance logs documenting the time two employees start and end work each day; however, the employees' time is not detailed to the nearest quarter hour.

Under Study – concluded

REVIEW: 4373

- Auditors were not provided with an attendance record for four of 60 employees. As a result, the auditors could not determine if a timesheet of any sort was properly submitted for these employees.

Department management indicated the existing manual timekeeping system does not allow for employee time to be maintained to the nearest quarter hour as required by the Act.

During the current examination the Department of Central Management Services and Capital Development Board (CDB) initiated work on a statewide automated timekeeping system. CDB expended \$1.6 million to the vendor for software licenses and hardware; however as of the end of the engagement fieldwork nothing else had been done towards implementation of the system at the Department.

Department management indicated the Department does not have the resources to purchase a new timekeeping system, but it would participate in a new statewide system should one be purchased.

Updated Response: Accepted/Under Study. The Department would participate in a new statewide system should one be purchased.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, “It is declared to be the policy of the State that the principles 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 when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

REVIEW: 4373

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit 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 FY09-10, the Department of Juvenile Justice, General Office, filed two affidavits for an emergency purchase totaling \$99,418.00 for repairs at two Youth Centers.

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.

According to a report filed on July 13, 2010, seven employees were assigned to locations other than official headquarters.