

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Corrections
Dixon Correctional Center
Two Years Ended June 30, 2000

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REVIEW: 4145
DEPARTMENT OF CORRECTIONS
DIXON CORRECTIONAL CENTER
TWO YEARS ENDED JUNE 30, 2000

FINDINGS/RECOMMENDATIONS - 5

ACCEPTED - 3
IMPLEMENTED - 2

REPEATED RECOMMENDATIONS - 1

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 2

This review summarizes the audit of the Dixon Correctional Center for the two years ended June 30, 2000, filed with the Legislative Audit Commission April 13, 2001. The auditors performed a compliance audit and certain agreed-upon procedures with respect to the accounting records of the Center.

Dixon Correctional Center is the largest medium security facility in Illinois. The facility houses general population males and females, older male inmates with special needs, disabled inmates, and developmentally disabled and mentally ill inmates. The Center is formally accredited by the American Correctional Association. The Health Care Unit (HCU) houses an 84-bed unit for the older inmate with special medical needs and a 24-bed unit for wheelchair bound inmates. The HCU provides nursing services, specialty and chronic illness clinics. Program Services include therapeutic services providing comprehensive mental health services.

The warden for the Center for July 1998 through August 1999 was Thomas Roth. Jerry Sternes became the warden in September 1999, and is currently still serving in this capacity.

Selected activity measures include the following:

<i>Measure</i>	<i>FY2000</i>	<i>FY99</i>
Rated Capacity	1,430	1,430
Average Number of Inmates	2,191	2,165
Cost per Inmate	\$ 18,767	\$ 17,923
Average Number of Employees	604	608
Ratio of Correctional Officers to Inmates	1 to 5.08	1 to 5.00
Number of Correctional Officers	431	433
Hospital/Medical Costs	\$ 3,670,226	\$ 3,758,321

Expenditures From Appropriations

The General Assembly appropriated a total of \$41,327,100 to the Center for FY2000. Appropriations and expenditures for the two years under review are shown in Appendix A. Expenditures increased from \$38,862,234 in FY99 to \$41,290,039 in FY2000, an increase of \$2,427,805, or 6.2%. Personal services expenditures increased from \$23,851,521 in FY99 to \$24,723,040 in FY2000, and during FY2000, the State started picking up the employee's contribution to their retirement fund at a cost of \$1,340,341. Lapse period expenditures totaled more than \$2.8 million, or 6.1% of FY2000 expenditures.

Inventories and Property and Equipment

The Center's inventories at June 30, 2000 and June 30, 1999 appear in Appendix B. The inventory decreased from \$688,765 as of June 30, 1999 to \$671,447 as of June 30, 2000.

Appendix C summarizes the changes in property and equipment. The beginning balance as of July 1, 1998 was \$80,894,244, compared to an ending balance of \$82,829,589 as of June 30, 2000.

Locally Held Funds

The information in Appendix D summarizes the transactions of the Center's locally held funds for the year ended June 30, 2000. The beginning balance was \$265,647 compared to an ending balance of \$244,484. There were no significant changes in locally held funds nor were there any new locally held funds. Also, no new banks or depositories were noted during the period. Funds in the Inmates' Commissary Fund and the Employees' Commissary Fund earn interest at an average of 1.5%. Funds in the Inmates' Benefit Fund and the Employees' Benefit Fund earn interest at 1%.

Accountants' Findings and Recommendations

Condensed below are the five findings and recommendations presented in the audit report. There was one repeated recommendation. The following recommendations were classified on the basis of information provided by Mark Krell, Chief Internal Auditor, Department of Corrections, in a memo received via electronic mail on May 22, 2001.

Accepted

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1. Recover overpayments and remind employees calculating benefit payments of the proper and required method to use.

Findings: Two employees were overpaid \$1,244 at the time of separation because compensatory time was reported in hours instead of days. Compensatory time should be converted from hours to days; however, the form did not state that fact. Attempts were made to recover the overpaid monies.

Response: Accepted. A full-time timekeeper was hired in September 2000, which will help minimize lump sum errors. All lump sum worksheets will be reviewed and approved by both the business manager and the business administrator. The Center contacted the overpaid individuals, but they did not respond. The Center is contemplating further action.

4. Maintain documentation to show that all bids and quotes received for the procurement of goods and services as required.

Findings: The Center did not document their attempts to obtain bids or quotes for services. Four of 17 contracts for maintenance service, totaling \$66,000, were subject to the bidding requirements, but no documentation was maintained to verify this. The Procurement Code requires vendors to be competitively selected for all contracts exceeding \$25,000. However, DOC's administrative directives are more stringent and require the Centers to obtain formal bids for contracts exceeding \$5,000 annually; informal bids for contracts with an annual value between \$1,000 and \$5,000; and telephone quotes from at least three vendors for contracts less than \$1,000. The Center stated it was unaware that bid documentation should be maintained.

Response: Accepted. The bid documentation for FY01 contracts has been retained with the contracts that were bid. The Center was unable to locate the bid documentation for the contracts that the auditors reviewed. However, three contracts were sole source procurements for emergency generator repair, fire alarm repair and dietary equipment repair.

5. Print all Automated Inventory Management System (AIMS) reports after year-end adjustments are input, and ensure proper year-end balances are reported to DOC.

Findings: The Center's June 30, 1999 inventory balance on the general ledger was overstated by \$17,789. There was no Automated Inventory Management System "master list" printed after the June 30, 1999 year-end adjustments were made. The master list (M006) is a complete listing of all inventory items and values. This resulted in the general ledger being adjusted to the balance prior to the year-end perpetual-to-book adjustments.

Response: Accepted. The Center will print all AIMS reports after year-end adjustments are made. However, approximately \$13,000 of the \$17,789 was an isolated error caused by a

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data input error. The Center has a new AIMS operator who reviews the commodity codes and pricing to make sure they are consistent.

Implemented

- 2. Calculate employee timesheets properly to present actual compensatory time earned. The importance of maintaining accurate time records should be reinforced by management. (Repeated-1998)**

Findings: The Center's manually prepared payroll timekeeping system produced several errors which resulted in total overpayments of \$1,033. When the auditors tested 24 employee records, 17 had errors. The Center uses manually prepared timesheets to record employees' attendance, vacations, holidays, overtime, and absences. Daily, the timekeeper receives Roll Call Sign-In sheets from each shift commander and any overtime notification and absence notification forms. The timekeeper manually transfers this information to each employee's time sheet which also tracks the balance of vacation, sick and comp time. The majority of errors pertained to miscalculating the accrued balances of benefit time.

Response: Implemented. The manual timekeeping errors were verified and corrected. With the hiring of a full-time timekeeper, manual timekeeping errors have been minimal. Management has reinforced how important it is to maintain accurate time records. The timekeeper calculates the month-end time sheets for affirmative attendance and has been directed to recheck all of her calculations. A follow-up audit will be included in the fiscal year 2002 internal audit plan.

- 3. Properly post equipment transactions to the Property Control System as required.**

Findings: The Center's Property Control System was not properly maintained. Six of eight equipment invoice vouchers selected for testing, totaling \$88,973, contained property items never tagged and entered in the property control system. Additionally, seven photocopiers had not been recorded in the system in FY99. Eleven vehicles totaling \$134,061 were recorded in the system, but were not longer in use by the Center. Twelve vehicles totaling \$203,995 currently being used by the Center were not in the system. Center officials stated that the lack of a property control clerk contributed to the system not being properly maintained.

Response: Implemented. The equipment cited has been updated on the system, and the entire vehicle fleet is now current on the system. The property control position that was vacant has been filled.

Emergency Purchases

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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 or to insure the integrity of State records. 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 FY99, the Dixon Correctional Center filed two emergency purchases totaling \$63,325. One purchase for \$56,909 was for a fire alarm system. In FY2000, the Center filed one emergency purchase for \$35,771 for the repair of sewer lines.

