

# LEGISLATIVE AUDIT COMMISSION



Review of  
Department of Juvenile Justice  
Two Years Ended June 30, 2014

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**REVIEW: 4451  
DEPARTMENT OF JUVENILE JUSTICE  
TWO YEARS ENDED JUNE 30, 2014**

**FINDINGS/RECOMMENDATIONS - 16**

**IMPLEMENTED - 9**

**ACCEPTED - 6**

**UNDER STUDY - 1**

**REPEATED RECOMMENDATIONS - 10**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 18**

This review summarizes the auditors' report on the Department of Juvenile Justice for the two years ended June 30, 2014, filed with the Legislative Audit Commission on April 30, 2015. The auditors performed a compliance examination in accordance with *Government Auditing Standards* and State law. PA 94-0696 which became effective July 1, 2006 established the Department of Juvenile Justice separate from the Department of Corrections. The law permitted the new Department to share certain administrative services with the Department of Corrections.

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. These services include clinical services, mental health services, substance abuse programs, leisure time activities, volunteer program, and chaplaincy services. 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.

Arthur Bishop served as Director from July 16, 2010 until January 24, 2014. Candice Jones was appointed Acting Director effective January 31, 2014 and appointed Director effective February 10, 2015. Previously, Ms. Jones managed the public safety budget at GOMB and was Executive Director of the Illinois Juvenile Justice Commission.

The average number of employees at the years indicated was as follows:

	<b>2014</b>	<b>2013</b>	<b>2012</b>
General Office	11	8	7
School District #428	79	107	137
After Care Services	39	17	5
Youth Centers	836	921	1,059
<b>TOTAL</b>	<b>965</b>	<b>1,053</b>	<b>1,208</b>

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The value of overtime hours paid department-wide was \$3.1 million in FY14 compared to \$2.7 million in FY13.

**Population and Average Cost Per Resident**

Appendix A provides a summary of average populations and yearly cost per youth for FY14 and FY13 at each of the juvenile centers. According to statistics provided by the Department, the average daily population of the Youth Centers was 847 in FY14 and 808 in FY13. In FY14, Pere Marquette had the lowest average population with 38 youth, and St. Charles had the highest average population with 274 youth. The rated capacity for all Centers at June 30, 2014 was 1,250. The information for 2013 does not include data for Murphysboro Youth Center, which closed on January 4, 2013, or Joliet Youth Center, which closed on February 12, 2013, because they were not open for the whole year during FY13.

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

Maximum	IYC Warrenville
Medium	IYC Chicago IYC Kewanee IYC St. Charles
Multiple	IYC Harrisburg
Minimum	IYC Pere Marquette

The average yearly cost per resident at the Youth Centers was \$130,948 in FY14 with a high at Warrenville of \$209,308 per youth compared to a low of \$95,694 per youth at Kewanee. Both IYC St. Charles and IYC Kewanee treat youth with mental health issues. Additionally, IYC Kewanee houses the treatment unit for youth adjudicated of sexual offenses. All facilities provided mental health services and substance abuse treatment. The recidivism rate (juveniles returned to youth centers within three years of release) was 45.8% for FY12.

In FY14 there were 95 youth assaults on staff compared to 67 in FY13 with the highest number committed at the Kewanee Youth Center in FY14 (48 assaults) and at Harrisburg Youth Center in FY13 (23 assaults).

**Expenditures From Appropriations**

The General Assembly appropriated a total of \$132,391,600 to the Department in FY14. Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were \$118,646,083 in FY14 compared to \$117,886,931 in FY13, an increase of \$759,152, or 0.6%. Expenditures at all Youth Centers totaled \$95.3 million in FY14 compared to \$96.7 million in FY13 due to the closure of Youth Centers at Murphysboro and Joliet in early 2013.

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Lapse period expenditures totaled almost \$14.4 million for FY14, or 12.1% of total expenditures.

### Cash Receipts

Appendix C contains a summary of cash receipts. Total cash receipts decreased from \$10.8 million in FY13 to \$4.2 million in FY14, principally due to a \$3.6 million distribution of court ordered raises in FY13 that was previously disputed, and a reduction of \$2.9 million in the Department of Corrections Reimbursement Fund, which includes \$1.5 million less in federal stimulus funds.

### Property and Equipment

Appendix D provides a summary of property and equipment for FY13-14. The balance at the end of FY14 for property and equipment was \$197,728,668 compared to \$218,657,915 at the beginning of FY13.

### Accountants' Findings and Recommendations

Condensed below are the 16 findings and recommendations, 10 repeated, included in the compliance examination. The following recommendations are classified on the basis of updated information provided by Ron Faith, Chief Internal Auditor, Department of Corrections, in a memo received on January 19, 2016 via electronic mail.

#### Accepted or Implemented

- 1. Accelerate efforts to segregate books and records from those of the Department of Corrections (DOC) 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 has not segregated certain aspects of its administrative processes from the Department of Corrections (DOC) as intended by statute.

During the examination, auditors noted 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 specific exceptions noted were as follows:

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### Accepted or Implemented - continued

- 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.
- The Department has made little progress towards updating the Administrative Directives (A.D.s) to be specific to the Department's unique purpose and mission.
- The Department did not adequately monitor the administrative services provided by the DOC.

During the previous examination, the Department stated the issues noted were due to limitations of the DOC APCS application, competing priorities, and resource constraints. During the current examination, Department management stated the ongoing issues were due to the same factors.

**Response:** Accepted. The Department will continue efforts to acquire necessary resources to segregate its books and records from DOC, update and review A.D.s as necessary, and more effectively monitor the administrative services provided by DOC.

As of January 1, 2015, the Department hired a permanent Policy Staff Attorney position. In the eight months after the end of this audit period, the Department has created new or revised 50 A.D.s to be specific to the Department's unique purpose and mission. In the eight months after the end of this audit period, the Department has also rescinded 20 A.D.s that were inapplicable to the Department. As of April 1, 2015, the Department has taken over the management and formal promulgation of all Administrative Directives from the DOC Policy and Directives Unit, with the exception of those pertaining to Fiscal and Business Management (Section 02 of the A.D.s).

As of April 1, 2015, the Department has a total of 351 Administrative Directives in effect. Of these A.D.s, 168 are reliant upon DOC for operations (147 Fiscal and Business Management and 21 adult sentence calculations for juvenile felons). Ninety-five of the remaining 183 A.D.s (52%), that the Department has the authority to revise to be specific to the Department's unique purpose and mission, have been updated. The Department will continue to fully convert policies as shared services are transferred to Department control and the Department establishes substantively distinct policies and procedures.

**Updated Response:** Accepted. The Department continues to review existing IDOC Administrative Directives for modification to IDJJ standards and policies. IDJJ is working towards independent capability to perform many of the Administrative functions shared via Public Safety Shared Services.

2. **Strengthen controls over the recording and reporting of State property and equipment by reviewing inventory and recordkeeping practices to ensure**

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**compliance with statutory and regulatory requirements. Also, ensure all equipment is accurately and timely recorded on the Department's property records. (Repeated-2008)**

**Finding:** The Department did not exercise adequate controls over recording and reporting of its State property and equipment. Auditors noted the following during testing:

- The Department did not update its inventory records within 30 days of acquisition, change, or deletion of equipment items.

Department personnel stated the items were not added or removed from inventory records timely due to oversight, staffing constraints, competing priorities, certain additions/deletions are entered into the property records at the Springfield office while others are entered at the individual facilities, and the Department's use of different dates for determining when items were received and/or deleted.

- The Department was unable to locate ten items, totaling \$13,861, selected from the Department's property records.

Department personnel stated some of the items were unable to be located as of the Annual Certification of Inventory on January 31, 2014 and the other items were assumed to be at Washington Cottage. Department personnel at the Youth Centers stated understaffing contributed to property not being accounted for properly. In addition, some items were either misplaced and/or proper documentation was not completed upon transfer.

- The Department did not have adequate controls over maintaining its inventory records.

Department personnel stated the errors were due to oversight and paperwork not being signed by Department Administration. Youth Center personnel stated the errors were due to understaffing, competing priorities, items being misplaced, and/or proper documentation not being completed upon transfer.

- The Department did not accurately report information on the Agency Report of State Property Quarterly Reports (C-15).

Department personnel stated this occurred due to oversight, facilities being understaffed, and facilities reporting transactions in one quarter, but not entering into APCS until another quarter. Department personnel also stated they do not perform reconciliations of SA02 reports and C-15s.

- The Department had several unused, condemned, or worn down buildings in need of repairs, demolition, or significant improvements.

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### Accepted or Implemented - continued

St. Charles personnel stated budget constraints have delayed repairs or removal of the buildings. Warrenville personnel stated problems were due to poor design and capital budget requests for improvements not being approved yet.

- The Department did not have adequate control over transfers following the closure of two facilities.

Department personnel stated this occurred due to employee oversight during the closing of facilities.

**Updated Response:** Accepted. The Department continues efforts of devoting the resources necessary within the limitations of the existing Illinois Department of Corrections Automated Property Control System (APCS) to ensure that property and equipment information is timely and properly recorded and maintained. A review of the inventory and recordkeeping practices will be done to determine areas that can be improved on.

- 3. Revise internal policy for dormant accounts and thereby ensure dormant cash accounts are timely transferred to the General Revenue Fund as required by statute. Also, develop procedures to administer youth cash balances in accordance with State statute. (Repeated-2010)**

**Finding:** The Department improperly 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).

During testing, auditors noted dormant accounts, totaling \$2,165, were not transferred to the GRF during the two years ended June 30, 2014 due to offsetting or netting balances.

During the current examination, Department management indicated its internal policy for dormant accounts was to only transfer positive balances which exceed negative balances in total for all youth accounts. Department management further commented there are various causes 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, but represented amounts the Department paid from the GRF and other funds on behalf of a youth and can only be recouped if cash is available in the youth's account.

**Updated Response:** Implemented. The Department has revised internal policy for dormant accounts and is thereby ensuring dormant cash accounts are transferred to the General Revenue Fund timely as required by statute.

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**4. Ensure the requirements related to the locally held fund administration as set forth in the administrative directives are followed by Youth Center staff. (Repeated-2008)**

**Finding:** The Department Youth Centers inadequately administered locally held (bank accounts) funds during the examination period.

During testing of the Department's Juvenile Justice Resident's Trust Fund (Trust Fund) and Juvenile Justice Benefit funds (Resident Benefit Fund and Employee Benefit Fund), auditors noted the following exceptions at the six Youth Centers:

- Two Centers (Chicago and Harrisburg) failed to request reimbursement for three bank service charges incurred during FY13 and FY14 from the Resident Benefit Fund in a timely manner. The reimbursements were requested between four and 16 months after the service charges were applied to the bank accounts.
- Two Centers (Chicago and Kewanee) did not properly complete the Offender Authorization for Payment form or equivalent for 11 of 60 tested disbursements, totaling \$294, from the Trust Fund.
- One Center (Chicago) provided signature authorization cards that included an employee no longer employed by the Department.
- At two Centers (St. Charles and Warrenville), two of 30 cash receipts tested, totaling \$484, were not deposited timely.
- Three Centers (Chicago, Kewanee, and Warrenville) did not follow a Department Administrative Directive regarding the administration of the Resident Benefit Fund or the Employee Benefit Fund. Auditors noted 12 instances, totaling \$2,337, in which committee minutes could not be provided to determine the expenditures were submitted and approved by the committees as required by the Administrative Directive.
- Two Centers (Chicago and Harrisburg) were not performing monthly reviews comparing the receipts and expenditures sent to Springfield for the Resident Benefit Fund to the bank statements. One Center (Kewanee) was not able to log on to its online banking site, and therefore could not complete any monthly reviews comparing receipts and expenditures to the bank statements.

During the current examination, Department management stated the exceptions noted were due to conflicting priorities, human error and oversight.

**Updated Response:** Implemented. The Department has strengthened its control over the administration of locally held funds at the Youth Centers.

**Accepted or Implemented - continued**

- 5. Ensure that internal audits of all major systems of internal accounting and administrative control are conducted at least once every two years as required by the Fiscal Control and Internal Auditing Act. (Repeated-2012)**

**Finding:** The Department did not comply with the Fiscal Control and Internal Auditing Act.

The Department has not established its own internal audit function. The Department of Corrections (DOC) Office of Internal Audit provides internal auditing services to the Department. During FY13 and FY14, the DOC Office of Internal Audit prepared internal audit plans; however, no internal audits were completed.

During the current engagement, Department management acknowledged they did not comply fully with the Act due to limited allocation of internal audit resources and the time needed to coordinate the external compliance examination. Department management also stated it developed a comprehensive plan for the internal audits to provide adequate coverage under the Act, but failed to complete any of the planned internal audits.

**Updated Response:** Implemented. The Department has acquired resources within the Office of Internal Audit to comply with all applicable statutes.

- 6. Implement an automated timekeeping system. (Repeated-2008)**

**Finding:** The Department's payroll timekeeping system was not automated.

During the 2008 examination period, the Department's human resources responsibilities were consolidated with a number of other State agencies as part of the Public Safety Shared Services Center (PSSSC). The PSSSC was scheduled to create/implement an automated timekeeping system, but it was not created. The Department continued to maintain a manual timekeeping system for approximately 1,000 employees. Most Department employees, which are security, attend roll-call fifteen minutes before each shift. This starts the payroll process for the majority of the Department employees. Other Department employees sign in and out, and sign-in sheets are sent to the timekeeping clerk. Other information, including notification of absence and call-in reports, are also forwarded to timekeepers. No automation is involved except for processing of payroll warrants.

During the current examination, Department management stated timekeeping was maintained using an excel spreadsheet. During employee testing, auditors tested timesheets from seven locations, which included the six active Youth Centers and the General Office. All locations used forms generated from an excel spreadsheet. However, one of seven locations (Chicago Youth Center) provided timesheets with attendance and paid leave time data filled out by hand.

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Auditors inquired with the Department about possible use of the two timekeeping systems administered through Central Management Services (CMS) that are available to all State agencies, Central Timekeeping and Attendance System (CTAS) and eTime. Department management stated that, at this time, there are no plans to utilize either system as they will not interface with the Department's current payroll system. Auditors noted Department of Human Services (DHS) administers a timekeeping system that interfaces the same payroll system used by the Department. The Department stated the use of the DHS system has been explored, but no final determination has been made due to updates needed to the timekeeping system to handle various contract items specific to the Department.

Regarding the current examination, Department management stated it lacked the resources to implement an automated timekeeping system during the period.

**Updated Response:** Accepted/Under Study. The Department will participate in a new statewide system as it is developed and funding appropriated.

**7. Follow the Illinois Administrative Code 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.

Auditors tested 60 employee files containing 112 evaluations performed during the examination period. Auditors noted four of the 112 evaluations tested were performed 194 to 333 days late. Auditors also noted eight of the 112 evaluations were not performed during the examination period for eight employees tested.

Department management indicated the exceptions noted for performance evaluations which occurred during the current audit period were due to human error and employee oversight.

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

**8. Implement procedures to ensure adequate segregation of duties is maintained over the locally held funds and commissary inventory function administered by the Youth Centers.**

**Finding:** The Department had an inadequate segregation of duties in the areas of locally held funds and commissary inventories at the Illinois Youth Centers. Auditors noted the following during testing at the six Youth Centers:

- Two Centers (Harrisburg and St. Charles) lacked segregation of duties regarding counting and reconciling the Travel and Allowance Fund cash box.

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### Accepted or Implemented - continued

- IYC Kewanee did not have adequate segregation of duties regarding commissary inventory. Specifically, the person with custody of the store performed the inventory alone. Kewanee is the only facility that operates a commissary in house.
- Two Centers (Chicago and Harrisburg) had improper segregation of duties over checks for the Employee Benefit Fund. The same employee was writing and mailing checks.
- Three Centers tested (Chicago, Harrisburg, and St. Charles) had improper segregation of duties over checks for the Resident Trust Fund. The same employee was writing and mailing checks.
- One Center tested (Harrisburg) had improper segregation of duties over checks for the Travel and Allowance Fund. The same employee was writing and mailing checks.

Department management indicated the exceptions noted at the Youth Centers in the finding were due to insufficient resources and conflicting priorities.

**Updated Response:** Implemented. The Department has implemented procedures to ensure Youth Centers maintain adequate segregation of duties over the locally held funds.

- 9. Ensure the requirements related to confinements and discipline as set forth by the Unified Code of Corrections are followed by Youth Center Staff. Also, maintain proper documentation for all youth confinements and youth discipline reports.**

**Finding:** The Department failed to maintain adequate administration of confinement and discipline policies at Department facilities. During testing of the Department's confinement and discipline policies, auditors noted the following exceptions at the Youth Centers:

- Four of 60 youths selected for testing at two Centers (Chicago and Kewanee) were isolated for more than 24 hours and auditors were not provided documentation showing the youths had been interviewed daily.
- Confinement Record Admission Forms for nine of 60 (15%) confinements selected for testing from three of seven (43%) Youth Centers (Chicago, Joliet and Kewanee) were not completed or were improperly completed.
- Three Centers (Chicago, St. Charles and Warrenville) did not file a written report with the Chief Administrative Officer within 72 hours of an infraction when discipline was imposed for three of 60 youths selected for testing. One report was filed three days late; the other two reports were not filed at all.

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Department management stated the exceptions noted were due to employee error and oversight.

**Updated Response:** Implemented. The Department has developed new confinement and discipline policies as required by the consent decree in consultation and negotiation with the ACLU and court appointed expert. These policies have been approved by the federal court in March 2015.

### **10. Implement the necessary controls to adequately administer emergency purchases and ensure compliance with the Illinois Procurement Code.**

**Finding:** The Department failed to ensure proper controls were established in the administration of its emergency purchases during the examination period.

During testing, auditors identified weaknesses in the Department's use of the emergency purchase provision of the Illinois Procurement Code as noted:

- Eight of 12 (67%) emergency purchases, totaling \$395,700 were found to be extensions of existing contracts. Auditors noted the condition that gave rise to the necessity of the emergency purchases was the Department's failure to adequately monitor the existing contracts and did not allow for time to competitively bid a new contract or execute a contract extension.
- Two of 12 emergency purchases were posted to the Illinois Procurement Bulletin nine and 22 days later than required.
- Five of 12 emergency purchase affidavits were not filed with the Illinois Office of the Auditor General (OAG) within 10 days of the procurement. The affidavits were filed between two and 263 days late.

Department management stated the exceptions noted were due to conflicting priorities, staffing issues and human error.

**Updated Response:** Implemented. IDJJ has worked with the Chief Procurement Officer's Office to revise procedures and processes to reduce the number of emergencies. The Department has contacted the Auditor General's office and is now scanning and emailing the emergency purchase affidavits. Youth Centers have been notified to adequately administer emergency purchases.

### **11. Monitor the submission of accident reports to ensure the requirements are being met as required by the Illinois Administrative Code and the State of Illinois Self-Insured Motor Vehicle Liability Plan; enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of**

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### Accepted or Implemented - continued

**vehicles; and review and enforce procedures over the timely filing of the required annual certifications of license and liability insurance. (Repeated-2008)**

**Finding:** The Department did not follow State statute and State administrative rules regarding vehicle maintenance records, reporting of vehicle accidents, and annual certifications of license and vehicle liability coverage.

Auditors noted Department employees were not ensuring vehicles personally assigned to them were adequately maintained and that accidents involving State vehicles were not properly reported. In addition, the annual certification of license and vehicle liability coverage was not completed timely. Specifically, auditors noted the following:

- During testing of eight reported accidents involving State/Department owned vehicles, auditors noted four instances in which accidents had not been reported to the Department of Central Management Services (CMS) in a timely manner. The required accident reports were submitted from one to 446 days late.
- Thirteen of 35 employees tested did not file license and insurance certifications by July 31<sup>st</sup>.
- For FY13 and FY14, auditors requested to examine 13 vehicle maintenance records and noted the Department could not provide any maintenance documentation for one of the selected vehicles. Of the 12 vehicles for which maintenance records were provided, the Department failed to have annual inspections performed on three vehicles during the fiscal years tested. Additionally, five did not receive adequate tire rotations and/or oil changes for the fiscal years tested.

During the previous examination, the Department stated it would ensure compliance with proper controls and procedures and revise processes and procedures as needed. The Department also stated it would communicate to personnel with assigned vehicles to properly complete and maintain the required documentation. During the current examination, Department management stated the exceptions noted were due to lack of staff and employee oversight.

**Updated Response:** Implemented. The Department has assigned a vehicle coordinator at each facility to ensure compliance.

- 12. Establish a continuous fraud prevention, deterrence and detection program. Include in this program evaluating whether appropriate internal controls have been implemented in any areas identified as posing a higher risk of fraudulent activity, as well as controls over the financial reporting process. In addition, direct executive staff to evaluate management's identification of fraud risks and the implementation of anti-fraud measures. (Repeated-2012)**

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**Finding:** The Department did not have a formal fraud risk assessment program in place during the examination period.

In the previous examination, the Department stated it would make every effort to ensure a formal fraud risk policy and risk assessment is completed and appropriately acted upon. During the current examination, Department management acknowledged there is currently no formal system to identify fraud risks and during the examination period the Department was in the process of establishing a Chief Fiscal Officer and Deputy Director of Quality Assurance position.

The Department managed expenditures of \$117,886,926 of State funds in FY13 and \$118,646,083 in FY14.

**Updated Response:** Accepted. The Department has collaborated with other agencies to take the first steps towards implementing its own fraud risk assessment program based on models used by those agencies.

### 13. Develop a disaster recovery plan to include at a minimum:

- **A current prioritized listing of applications,**
- **Detailed recovery scripts for each application,**
- **Recovery Time Objectives,**
- **Current listing of contact information,**
- **Assignment of task team members, and**
- **Retention period of backup media.**

**In addition, annually perform a comprehensive test of the Disaster Contingency Plan to include all computing platforms currently used and ensure adequate documentation. Continuously modify the plan to eliminate any weaknesses identified during testing.**

**Also, develop procedures to ensure all resources are backed up and rotated offsite.**

**Finding:** The Department had not developed a disaster recovery plan to ensure the timely recovery of its applications and data.

As part of the audit process, auditors requested the Department's disaster recovery plan. However, the Department was unable to produce a disaster recovery plan or associated documents such as a listing of prioritized applications or data or recovery time objectives.

As part of a multi-agency mainframe recovery test performed in September 2013, the Department tested the Juvenile Tracking System. However, documentation supporting the analysis and enhancements to processes and plans was incomplete, and final testing documentation had not been provided to the Department of Central Management Services.

**Accepted or Implemented - continued**

Additionally, auditors noted the Department had not conducted testing of their midrange environment applications.

In addition, the Department had not established procedures to ensure resources were backed up and rotated offsite.

Department management stated that due to oversight and change in staffing levels with the current computing environment the planning, procedures and testing continuity of the disaster recovery process was overlooked.

**Updated Response:** Accepted. IDOC recently filled the Chief Information Officer position and, when resources become available, the disaster recovery plan will be updated to reflect the current environment and to test the plan on at least an annual basis.

**14. Regarding the protection of confidential information:**

- **Perform a risk assessment to evaluate computer environment and data maintained to ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard computer resources.**
- **Ensure confidential information is adequately secured with methods such as encryption or redaction.**
- **Conduct a detailed analysis of the information contained on the missing computer equipment to determine if individuals are required to be notified as required by the Personal Information Protection Act.**
- **Develop policies and procedures to ensure timely compliance with the requirements outlined in the Personal Information Protection Act, in the event of a breach of personal information.**
- **Develop the Statement of Purpose as required by the Identity Protection Act.**
- **Provide training to staff as required by the Identity Protection Act and the Health Insurance Portability and Accountability Act.**
- **Perform a detailed analysis and determine whether each entity accessing Protected Health Information (PHI) is required to enter into a Business Associated Agreements (BAA). If a BAA is not required or desired, the provision should not be included in contracts.**

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**Finding:** The Department had weaknesses in the security and control of confidential information. During testing, auditors noted the following weaknesses:

- Failure to perform a risk assessment of the Department's computer resources.
- Lack of formalized procedures to identify and protect personal or confidential information, including notification procedures in the event of a breach of security.
- Had not developed a Statement of Purpose required by the Identity Protection Act.
- Failed to provide training as required by the Identity Protection Act and the Federal Health Insurance Portability and Accountability Act (HIPAA).
- Had not consistently ensured Business Associates Agreements (BAA) were executed for entities providing medical services.
- Failed to protect (i.e. encrypt) personal or confidential information on all laptops.
  - Specifically, during FY13 and FY14 the Department's Certification of Inventory listing of missing items included 62 computer equipment items, totaling \$59,297, and 92 computer equipment items, totaling \$78,958, respectively. The computer equipment may have contained confidential information; however, due to the lack of encryption, the security over the confidential information could not be determined. Also, the Department has not performed an assessment to determine if any notifications are required.

The Department had several computer systems that contained confidential or personal information such as names, addresses, and Social Security Numbers. In addition, the Department maintained protected health information that required protection under HIPAA.

The Department had not performed a risk assessment of its computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure. In addition, the Department had not developed policies and procedures regarding the Department's responsibilities, as stated in the Personal Information Protection Act, in the event of a breach of personal information.

Department management stated the issues noted were due to oversight and change in staffing levels.

**Updated Response:** Accepted. The Department is in the process of assigning a project manager to establish a policy for the Personal Information Protection Act and to perform a risk assessment to evaluate the computer data environments ensuring confidential information is secured.

**Accepted or Implemented - concluded**

- 15. Allocate sufficient resources to comply with the Department's Administrative Directive 03.03.102 to document and ensure employees receive the required training to enable them to perform their specific job duties. (Repeated-2008)**

**Finding:** The Department did not properly document the completion of all employees' minimum required number of training hours.

During testing of the Department's training records for FY13 and FY14, auditors noted five of 60 employees tested failed to meet the mandatory training hour requirements. Auditors also noted the Department was unable to provide training records for four of 60 (7%) employees tested.

During the previous examination, the Department stated it would make every effort to ensure compliance with training requirements and to properly record and maintain employee training documentation. During the current examination, Department management indicated the problems noted were due to human error and employee oversight.

**Updated Response:** Accepted. The Department is monitoring and tracking training requirements and in the process of documenting all required training for employees.

- 16. Ensure the Director serves or designates a person to serve on the Illinois Human Services Commission as required by the Illinois Human Services Commission Act.**

**Finding:** The Department's Director did not serve nor did they designate a person to serve on the Illinois Human Services Commission.

The Illinois Human Services Commission Act requires the Department's Director or their designee to serve on the Illinois Human Services Commission. During audit fieldwork, the Commission website still listed the previous Department Director as being on the Commission.

Department management stated no one has participated in the Illinois Human Services Commission meetings because the designee hadn't been changed.

**Updated Response:** Implemented. The Department Director has designated a person to serve on the Illinois Human Services Commission.

**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

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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.

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 FY13-14, the Department of Juvenile Justice filed 15 affidavits for an emergency purchase totaling \$768,718 as follows:

- \$289,125 to lease six modular office buildings;
- \$172,467 for medical services;
- \$159,123 for equipment and repairs; and
- \$148,003 to provide or extend services.

### **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 15, 2014, 36 employees were assigned to locations other than official headquarters.