ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2020

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

Other Reports Issued Under a Separate Cover:
The Department of Corrections' (Department) financial statements as of and for the year ended June 30, 2020, have been issued under a separate cover. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under *Government Auditing Standards* for the year ended June 30, 2020, on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

AGENCY OFFICIALS

Director (06/01/20 – Present)	Mr. Rob Jeffreys
Director (Acting) (06/01/19 – 05/31/20)	Mr. Rob Jeffreys
Director (Acting) (05/20/19 – 05/31/19)	Ms. Gladyse Taylor
Director (Acting) (07/01/18 – 05/19/19)	Mr. John R. Baldwin
Assistant Director (05/20/19 – Present)	Vacant
Assistant Director (07/01/18 – 05/19/19)	Ms. Gladyse Taylor
Chief of Staff (12/01/19 – Present)	Ms. Camile Lindsay
Chief of Staff (08/17/19 – 11/30/19)	Vacant
Chief of Staff (07/01/18 – 08/16/19)	Mr. Edwin Bowen
Chief Legal Counsel (02/01/20 – Present)	Mr. Robert Fanning
Chief Legal Counsel (12/01/19 – 01/31/20)	Vacant
Chief Legal Counsel (07/01/18 – 11/30/19)	Ms. Camile Lindsay
Chief Administrative Officer (03/01/20 – Present)*	Mr. Jared Brunk
Chief Fiscal Officer (06/16/20 – Present)	Mr. James Deen
Chief Fiscal Officer (07/01/18 – 06/15/20)	Mr. Jared Brunk
Chief Internal Auditor (07/16/20 – Present)	Ms. Amy Jenkins
Chief Internal Auditor (07/01/18 – 07/15/20)	Vacant
Chief Information Officer (09/01/21 – Present)	Mr. Krishna Brahmamdam**
Chief Information Officer (03/01/21 – 08/31/21)	Mr. Kelton Ingram
Chief Information Officer (01/01/21 – 02/28/21)	Vacant
Chief Information Officer (09/01/19 – 12/31/20)	Mr. Krishna Brahmamdam
Chief Information Officer (07/01/18 – 08/31/19)	Vacant

*New position effective March 1, 2020.
**On a seventy-five day contract

DEPARTMENT OF CORRECTIONS – CORRECTIONAL INDUSTRIES

Chief Executive Officer (07/16/21 – Present)	Ms. Kim Larson
Chief Executive Officer (04/23/21 – 07/15/21)	Vacant
Chief Executive Officer (07/01/20 – 04/22/21)	Mr. Marvin Tucker
Chief Executive Officer (07/01/18 – 06/30/20)	Vacant

AGENCY OFFICIALS (Continued)

DEPARTMENT OF CORRECTIONS – CORRECTIONAL INDUSTRIES (Continued)

Assistant Chief Executive Officer (12/01/19 – Present)	Vacant
Assistant Chief Executive Officer (07/01/18 – 11/30/19)	Mr. Rich Mautino
Chief Financial Manager (02/16/20 – Present)	Vacant
Chief Financial Manager (07/01/18 – 02/15/20)	Mr. Sitha Hun

AGENCY OFFICE

The Department of Correction's primary administrative office is located at:

1301 Concordia Court
Springfield, Illinois 62794

JB Pritzker
Governor

Rob Jeffreys
Director

The Illinois Department of Corrections

1301 Concordia Court, P.O. Box 19277 • Springfield, IL 62794-9277 • (217) 558-2200 TDD: (800) 526-0844

MANAGEMENT ASSERTION LETTER

September 10, 2021

Adelfia LLC
Certified Public Accountants
400 East Randolph Street
Suite 700
Chicago, Illinois 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department of Corrections (Department). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following specified requirements during the two-year period ended June 30, 2020. Based on this evaluation, we assert that during the years ended June 30, 2019, and June 30, 2020, the Department has materially complied with the specified requirements listed below.

A. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

E. Other than what has been previously disclosed and reported in the Schedule of Findings, money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

SIGNED ORIGINAL ON FILE

Mr. Rob Jeffreys, Director

SIGNED ORIGINAL ON FILE

Mr. James Deen, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Mr. Robert Fanning, Chief General Counsel

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	60	46
Repeated Findings	34	36
Prior Recommendations Implemented or Not Repeated	12	7

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (*GOVERNMENT AUDITING STANDARDS*)	
2020-001	22	2018/2008	Weaknesses in preparation of GAAP reporting forms submitted to the Office of Comptroller and preparation of year-end Department financial statements and schedules	Material Weakness
2020-002	25	2018/2008	Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of capital assets	Material Weakness
2020-003	29	2018/2012	Lack of controls over computer systems	Material Weakness

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (*GOVERNMENT AUDITING STANDARDS*)	
2020-004	31	New	Lack of fiscal controls and proper financial reporting over Offender 360 project	Material Weakness
2020-005	35	New	Inadequate Internal Controls over Census Data	Material Weakness
2020-006	38	2018/2008	Inadequate administration of and controls over locally held funds	Significant Deficiency
2020-007	48	2018/2018	Lack of adequate controls over the review of internal control over service providers	Significant Deficiency
2020-008	50	2018/2008	Inadequate controls over commodity and commissary inventory	Significant Deficiency
			FINDINGS (STATE COMPLIANCE)	
2020-009	54	New	Failure to meet court-ordered mental health service requirements	Material Weakness and Material Noncompliance
2020-010	59	New	Inadequate controls over State property	Material Weakness and Material Noncompliance
2020-011	63	2018/2012	Inadequate internal audit function	Material Weakness and Material Noncompliance
2020-012	67	New	Untimely and inaccurate reporting of census data events	Material Weakness and Material Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-013	69	2018/2016	Failure to comply with Administrative Directives regarding submission and maintenance of required reports and educational records	Material Weakness and Material Noncompliance
2020-014	71	2018/2016	Noncompliance with Evidence-Based Programming Requirements of the Illinois Crime Reduction Act of 2009	Material Weakness and Material Noncompliance
2020-015	73	2018/2016	Failure to document compliance with statutory medical consent waivers	Material Weakness and Material Noncompliance
2020-016	75	2018/2016	Noncompliance with the required transfers of profits from DOC Commissary Funds	Material Weakness and Material Noncompliance
2020-017	77	2018/2016	Noncompliance with the Murderer and Violent Offender Against Youth Registration Act	Significant Deficiency and Noncompliance
2020-018	79	2018/2010	Failure to properly transfer unclaimed inmate cash account balances	Material Weakness and Material Noncompliance
2020-019	81	2018/2012	Inadequate controls over computer inventory	Significant Deficiency and Noncompliance
2020-020	83	New	Failure to submit Annual Reports to the Governor	Significant Deficiency and Noncompliance
2020-021	85	2018/2018	Inadequate controls over the submission of required employment reports	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-022	87	2018/2008	Failure to update administrative directives	Significant Deficiency and Noncompliance
2020-023	89	New	Failure to provide conditions of parole or mandatory supervised release	Significant Deficiency and Noncompliance
2020-024	90	New	Failure to provide offender resident information to appropriate parties	Significant Deficiency and Noncompliance
2020-025	92	New	Failure to adopt a food donation policy	Significant Deficiency and Noncompliance
2020-026	93	New	Tamms Minimum Security Task Force	Significant Deficiency and Noncompliance
2020-027	95	2018/2014	Inadequate Controls over Voucher Processing	Significant Deficiency and Noncompliance
2020-028	98	2018/2008	Inadequate separation of duties for handling cash boxes at Correctional Centers	Significant Deficiency and Noncompliance
2020-029	100	2018/2012	Failure to develop a formal fraud risk assessment program	Significant Deficiency and Noncompliance
2020-030	101	2018/2018	Noncompliance with grant agreements	Significant Deficiency and Noncompliance
2020-031	103	2018/2018	Cash receipts and refunds not paid into the State Treasury on a timely basis as required by State law	Significant Deficiency and Noncompliance
2020-032	105	2018/1998	Payroll timekeeping system not automated	Significant Deficiency and Noncompliance
2020-033	106	2018/2016	Inadequate controls over request for leaves of absence	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-034	108	2018/2006	Employee performance evaluations not performed	Significant Deficiency and Noncompliance
2020-035	110	2018/2000	Inadequate documentation of employee training	Significant Deficiency and Noncompliance
2020-036	112	2018/2014	Taking paid leave time and working overtime on the same day	Significant Deficiency and Noncompliance
2020-037	114	2018/2014	Compensatory time accrual in violation of federal law	Significant Deficiency and Noncompliance
2020-038	116	New	Inadequate Controls over Locally Held Fund Reporting	Significant Deficiency and Noncompliance
2020-039	118	New	Lack of external assessment of the internal audit function	Significant Deficiency and Noncompliance
2020-040	119	2018/2012	Weaknesses in change control management	Significant Deficiency and Noncompliance
2020-041	121	2018/2016	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2020-042	123	2018/2012	Lack of disaster contingency planning or testing to ensure recovery of computer systems	Significant Deficiency and Noncompliance
2020-043	125	2018/2016	Computer security weakness	Significant Deficiency and Noncompliance
2020-044	127	New	Noncompliance with standards for safety and sanitation inspections and enforcement	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-045	130	New	Noncompliance with the Procurement Code for emergency purchases	Significant Deficiency and Noncompliance
2020-046	131	2018/2000	Policies and procedures regarding operation of State vehicles not followed	Significant Deficiency and Noncompliance
2020-047	135	New	Noncompliance with the Local Food, Farms, and Jobs Act	Significant Deficiency and Noncompliance
2020-048	137	New	Untimely submission of Agency Fee Imposition Report	Significant Deficiency and Noncompliance
2020-049	138	New	Failure to provide health coverage application assistance to offenders prior to release	Significant Deficiency and Noncompliance
2020-050	139	New	Inadequate controls over monthly reconciliations	Significant Deficiency and Noncompliance
2020-051	141	New	Failure to review reports of violence and public safety data	Significant Deficiency and Noncompliance
2020-052	142	New	Noncompliance with the special education data reporting required by the School Code	Significant Deficiency and Noncompliance
2020-053	143	New	Underenrollment and misreported participation in the high school equivalency testing program	Significant Deficiency and Noncompliance
2020-054	145	New	Incomplete reporting in financial impact statements	Significant Deficiency and Noncompliance
2020-055	146	New	Untimely notification of settlement	Significant Deficiency and Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-056	147	New	Incomplete quarterly reporting of violence and public safety data	Significant Deficiency and Noncompliance
2020-057	150	New	Failure to provide requested engagement documentation in a timely manner	Significant Deficiency and Noncompliance
2020-058	154	New	Failure to notify county boards and sheriffs of noncompliance of county jails	Significant Deficiency and Noncompliance
2020-059	155	New	Noncompliance with extended supervision of sex offender requirements of the Unified Code of Corrections	Significant Deficiency and Noncompliance
2020-060	156	2018/2006	Noncompliance with applicable portions of the Arsonist Registration Act	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirements for State compliance under the Illinois State Auditing Act.

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-001	22	2018/2008	Weaknesses in preparation of GAAP reporting forms submitted to the Office of Comptroller and preparation of year-end Department financial statements and schedules	Material Weakness and Material Noncompliance

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2020-002	25	2018/2008	Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of capital assets	Material Weakness and Material Noncompliance
2020-003	29	2018/2012	Lack of controls over computer systems	Material Weakness and Material Noncompliance
2020-004	31	2018/2014	Lack of fiscal controls and proper financial reporting over Offender 360 project	Material Weakness and Material Noncompliance
2020-005	35	New	Inadequate Internal Controls over Census Data	Material Weakness and Material Noncompliance
2020-006	38	2018/2008	Inadequate administration of and controls over locally held funds	Material Weakness and Material Noncompliance
2020-007	48	2018/2018	Lack of adequate controls over the review of internal control over service providers	Material Weakness and Material Noncompliance
2020-008	50	2018/2008	Inadequate controls over commodity and commissary inventory	Material Weakness and Material Noncompliance
			PRIOR FINDINGS NOT REPEATED	
A	158	2018/1994	Adult transition centers financial transactions not properly recorded and administered	
B	158	2018/2018	Inability to identify all applicable agency-specific laws	

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Report	Description	Finding Type
			PRIOR FINDINGS NOT REPEATED	
C	158	2018/2018	Inadequate controls over contractual and interagency agreements	
D	158	2018/2010	Improper management of addiction recovery services	
E	158	2018/2018	Inadequate controls over the submission of Statement of Economic Interests	
F	159	2018/2014	Failure to properly conduct metal detectors searches of inmates	
G	159	2018/2016	Failure to timely submit interagency accounts receivable write-offs report to the Office of the Comptroller	
H	159	2018/2018	Inadequate controls over the Inmate Benefit Fund	
I	159	2018/2018	Inadequate maintenance of personnel files	
J	159	2018/2018	Inadequate controls over payroll, timesheets, and support	
K	160	2018/2016	Weaknesses with Payment Card Industry Data Security Standards	
L	160	2018/2016	Inadequate controls over issuance of telecommunication devices	

EXIT CONFERENCE

The *Government Auditing Standards* findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on May 21, 2021.

Attending were:

DEPARTMENT OF CORRECTIONS

Rob Jeffreys, Acting Director
Jared Brunk, Chief Administrative Officer
James Deen, Chief Fiscal Officer
Amy Jenkins, Chief Internal Auditor
Kelton Ingram, Chief Information Officer
Molly Wilcockson, Internal Audit

OFFICE OF THE AUDITOR GENERAL

Lisa Warden, Senior Audit Manager
Kathy Lovejoy, Principal of IS Audits
Miranda Karger, Information Systems Audit Manager

ADELFIA LLC

Stella Santos, Managing Partner
Jennifer Roan, Partner
Maria Divina Valera, Partner
Annabelle Abueg, Principal
Andrew Guerrero, Supervisor

The responses to these recommendations were provided by Amy Jenkins, Chief Internal Auditor, in a correspondence dated June 1, 2021.

For the remaining findings and recommendations appearing in this report, the Department waived an exit conference in a correspondence from Amy Jenkins, Chief Internal Auditor, on August 18, 2021. The responses to the recommendations were provided by Amy Jenkins, Chief Internal Auditor, in correspondences dated September 8, 2021 and September 10, 2021.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Department of Corrections (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies* (*Audit Guide*) as adopted by the Auditor General, during the two years ended June 30, 2020. Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

400 E. Randolph Street, Suite 700, Chicago, Illinois 60601 | **T** (312) 240-9500 | **F** (312) 240-0295 | www.adelfiacpas.com

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Department during the two years ended June 30, 2020. As described in items 2020-001 through 2020-060 in the accompanying Schedule of Findings, the Department did not comply with the specified requirements. Items 2020-001 through 2020-016 and 2020-018 are each considered to represent material deviations with the specified requirements.

Specified Requirement A
As described in the accompanying Schedule of Findings as item 2020-004, the Department had not obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

Specified Requirement B
As described in the accompanying Schedule of Findings as items 2020-004, 2020-006, and 2020-016, the Department had not obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.

Specified Requirement C
As described in the accompanying Schedule of Findings as items 2020-001 through 2020-016 and 2020-018, the Department had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Items 2020-023, 2020-024, 2020-044, 2020-049, 2020-051, 2020-053, 2020-054, 2020-056, and 2020-058 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material deviations with the specified requirement C.

Specified Requirement E

As described in the accompanying Schedule of Findings as item 2020-006, money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

In our opinion, except for the material deviations from the specified requirements described in the preceding paragraph, the Department complied with the specified requirements during the two years ended June 30, 2020, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2020-017 and 2020-019 through 2020-060. We considered the effect of these circumstances on our audit of the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Department, as of and for the year ended June 30, 2020, and the related notes to the financial statements. This report on the Department's compliance with the specified requirements does not affect our audit report dated June 1, 2021.

The Department's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-001 through 2020-016 and 2020-018 to be material weaknesses.

A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-017 and 2020-19 through 2020-060 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Department's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Department as of and for the year ended June 30, 2020 (not presented herein), and have issued our report thereon dated June 1, 2021, which contained a qualified opinion on the financial statements of the governmental activities because we were unable to obtain sufficient appropriate audit evidence about the capitalizable amounts related to software application development costs. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 1, 2021. The accompanying supplementary information for the year ended June 30, 2020, in Schedules 1 and 3 through 8 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Department. Such information is the responsibility of Department management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2020, in Schedules 1 and 3 through 8 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2020, in Schedules 1 and 3 through 8 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Department's basic financial statements as of and for the years ended June 30, 2018 (not presented herein), and have issued our reports thereon dated April 10, 2019, which contained unmodified opinions on the respective financial statements of the governmental activities, the major fund, and the aggregate remaining fund information. The accompanying supplementary information for the year ended June 30, 2018, in Schedules 3 through 6 and 8 is the responsibility of Department management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 financial statements. The accompanying supplementary information for the years ended June 30, 2018 in Schedules 3 through 6 and 8 has been subjected to the auditing procedures applied in the audit of the June 30, 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended June 30, 2018, in Schedules 3 through 6 and 8 is fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2018.

Our financial audit report dated April 10, 2019, did not contain a Schedule of Locally-Held Funds in the Supplementary Information for State Compliance Purposes for the year ended June 30, 2018. As a result, we cannot opine on whether the accompanying Supplementary Information for State Compliance Purposes contained within Schedule 7 of this report is fairly stated in relation to the Department's basic financial statements as a whole for the year ended June 30, 2018. We have, however, applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the year ended June 30, 2018, in Schedule 7. However, we do not express an opinion on the accompanying supplementary information, in Schedule 7, in relation to the Department's basic financial statements for the year ended June 30, 2018.

The accompanying supplementary information in Schedule 2, the information for the year ended June 30, 2019 in Schedules 3 through 8, and in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
September 10, 2021, except for our report on the Supplementary Information for State Compliance Purposes, for which the date is June 1, 2021

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the State of Illinois, Department of Corrections (Department), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements and have issued our report thereon dated June 1, 2021. We expressed a qualified opinion on the Department's financial statements of the governmental activities because we were unable to obtain sufficient appropriate audit evidence about the capitalizable amounts related to software application development costs.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the Department is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the Department's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-001 through 2020-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2020-006 through 2020-008 to be significant deficiencies.

Department's Responses to the Findings

The Department's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The Department's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
June 1, 2021

2020-001 **FINDING** (Weaknesses in preparation of GAAP reporting forms submitted to the Office of Comptroller and preparation of year-end Department financial statements and schedules)

The Department of Correction's (Department) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) submitted to the Office of Comptroller (Comptroller) contained inaccuracies due to improper accounting and inadequate review. These problems, if not detected by the auditors and corrected by the Department, could have materially misstated the Department's financial statements, and negatively impacted the financial statements prepared by the Comptroller.

The following were noted during our audit of the Department's June 30, 2020 financial statements:

- In our review of beginning balances, we identified three errors in recording backpay liabilities and accounts payable as of June 30, 2019.

  The Department erroneously reversed a backpay liability accrual of $79.1 million when these liabilities were still unpaid as of June 30, 2019.

  Additional backpay liabilities of $11.3 million and accounts payable of $2.8 million were not accrued as of June 30, 2019.

  These errors resulted in a $93.2 million overstatement of the Fiscal Year 2020 beginning fund balance for governmental funds and beginning net position for governmental activities.

- During the current examination, we continued to identify weaknesses regarding the Department's process for year-end accruals and noted management did not take all reasonable steps to implement appropriate and reasonable corrective action to address delays in receipt and processing of vendor invoices and ensure all payables are reasonably estimated and accrued. Similar issues have been reported since 2008.

- The Department did not have adequate accounting and review procedures to ensure all liabilities at June 30, 2020 were recorded promptly and accurately. We noted the following in our review of Department liabilities:

  - The Department did not accrue liabilities totaling $36 million in the originally submitted GAAP Package to the Comptroller. These additional liabilities were identified as part of the review process by the Comptroller.

  - Our search for unrecorded liabilities identified accounts payable totaling $5.6 million that were not included in accounts payable accruals as of June 30, 2020.

- Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of, capital assets as discussed in Finding 2020-002 and lack of fiscal controls over Offender 360 project as discussed in Finding 2020-004 resulted in financial audit adjustments and additional disclosures in the notes to the financial statements.

- The Department's financial reporting of federal funds expenditures in the GAAP forms submitted to the Office of Comptroller did not agree with the Schedule of Expenditures of Federal Awards (SEFA) submitted to the auditors for the years ended June 30, 2019 and 2020. We noted expenditures for the Catalog of Federal Domestic Assistance (CFDA) No. 16.606 – State Criminal Alien Assistance Program amounting to \$6.201 million and \$7.566 million in Fiscal Years 2019 and 2020, respectively were not accurately reported in the originally submitted SEFA.

The Department subsequently adjusted the financial statements to correct these errors, included the required disclosures in the notes to financial statements, and revised the SEFA.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal control procedures require adequate management oversight and review of accounting policies and procedures, as well as an overall review of financial reporting for accuracy and compliance with GAAP.

The Office of Comptroller Statewide Accounting Management System (SAMS) Manual Chapter 27 describes requirements for year-end GAAP reporting to the Comptroller and preparation of GAAP basis financial statements.

SAMS Manual (Procedure 02.50.20) states agencies should establish internal control objectives and techniques for payables, debt, and other liabilities to ensure all payables and other claims against the State are recorded promptly and accurately.

SAMS Manual (Procedure 27.20.49) provides instructions on preparing the GAAP form Summary of Liabilities and states that accounts payable and accrued liabilities can be determined by using a reasonable estimate. Each agency is encouraged to use internal records and procedures to develop an appropriate estimation approach.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires government-wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting requires the recognition of expenses, assets, and liabilities in the accounting period they are incurred.

According to the Code of Federal Regulations (CFR), (2 CFR § 200.510(b)), a recipient of federal awards is required to prepare a SEFA for the period covered by the entity's financial statements which must include the total Federal awards expended as determined in accordance with 2 CFR 200.502. Additionally, 2 CFR § 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure federal expenditures are accurately reported on the SEFA.

Department management stated the errors in the prior year liabilities and SEFA were due to oversight and lack of a review process due to staff turnover. Management stated the additional liabilities in the current fiscal year were not identified due to delays in receipt and processing of vendor invoices and an error in generating the reports from the new Enterprise Resource Planning (ERP) system as the basis of the accrual estimates.

This material weakness in the Department's internal control over financial and fiscal operations poses a reasonable possibility that a material misstatement of the Department's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis. Accurate preparation of the Department's financial information for GAAP and financial reporting purposes is important due to the impact adjustments may have on the Statewide financial statements. (Finding Code No. 2020-001, 2018-001, 2016-001, 2014-001, 12-01, 10-01, 08-01)

RECOMMENDATION

We recommend the Department outline, document, and implement procedures to ensure GAAP Reporting Packages and financial statements and schedules are prepared accurately. We also recommend the Department maintain documentation of the calculation and basis of liability estimates. In addition, we recommend the Department identify the appropriate reports from the ERP systems and determine the proper timing of generating reports for complete and accurate recording of payables. Lastly, we recommend proper yearend cut-off procedures and internal reviews be included in those procedures as a method to identify and correct errors prior to the submission of financial information to the Office of Comptroller and other external parties.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will strengthen its controls and documentation related to liability estimates used in the financial statements. However, the Department does want to make mention that during Fiscal Year 2018 lapse period it was determined that the State owed certain bargaining unit employees for step increases that had not been awarded since July 1, 2015. This resulted in the Department being given the daunting task of estimating a total dollar impact for associated personnel moves of over 7,000 employees.

2020-002 **FINDING** (Weaknesses in the financial accounting for, and inaccurate and inadequate recordkeeping of capital assets)

The Department of Corrections (Department) did not maintain accurate and adequate property records and did not timely and accurately record all capital asset information in its financial records.

During the current examination, we continued to identify weaknesses regarding the Department's process for accounting for and reporting capital asses and noted management did not take all reasonable steps to implement appropriate and reasonable corrective action to provide sufficient resources, prevent errors and oversight and ensure capital asset information was properly and accurately recorded and maintained. Similar issues have been reported since 2008.

The Enterprise Resource Planning (ERP) asset module used for property records was not updated timely and accurately for several assets capitalized by the Department. Therefore, the Department used manually compiled capital asset summaries and depreciation calculations to prepare financial reporting forms related to capital assets for submission to the Office of Comptroller and in determining the amounts reported in the financial statements. The auditors identified the following errors and inadequacies in the Department's property recordkeeping process and financial reporting:

- The Department did not update its property records accurately and timely. We noted additions totaling $1,339,194 and Capital Development Board (CDB) capitalized transfers totaling $13,164,675 dating back to Fiscal Year 2013 were reflected in the capital asset amounts in the financial statements but not entered in the ERP records. We also noted duplicate entries in the ERP system amounting to $58,252.

  The Illinois Administrative Code (44 Ill. Admin. Code 5010.400) required agencies to adjust property records within 30 days of acquisition, change, or deletion of equipment items through May 2019. Effective May 2019, the requirement changed to allow 90 days to adjust property records.

- The Department did not record in the ERP system capital assets transferred in Fiscal Year 2018, totaling $47,010,985, and related accumulated depreciation, totaling $21,773,805, for the Joliet Treatment Center transferred from the Department of Juvenile Justice. These capital assets were included in the manual capital asset schedule for capital assets reporting, but the Department did not manually calculate annual depreciation of $953,658 for these assets in Fiscal Year 2019 and Fiscal Year 2020. Accordingly, depreciation expense totaling $1,907,316 related to these unrecorded capital transfers was not reported in the financial statements.

  The Statewide Accounting Management System (SAMS) Manual (Procedure 03.30.30) on transferring ownership of capital assets states the receiving agency should record the asset's original cost and related accumulated depreciation at the time of the transfer and depreciate the asset over the useful life remaining when it is transferred.

- The Department did not consistently apply its capitalization policy and did not accurately maintain its manual capital asset schedules supporting the financial statements. We noted the following errors:

  - The Department incorrectly calculated depreciation on capitalized CDB projects based on each quarterly transfer date and amounts instead of the project completion date for the total cumulative completed project costs as required.
  - CDB projects not yet completed with cumulative costs totaling $4,686,289 were inaccurately reported as Capital Assets – Building Improvements instead of Construction in Progress.
  - Depreciation totaling $463,503 was prematurely calculated for construction projects which were still in progress.
  - Depreciation of $15,132 was improperly calculated on CDB projects for demolition and repair which were not subject to capitalization and depreciation.
  - Depreciation totaling $273,875 was still manually calculated and reported for items already entered in the ERP system causing duplicate depreciation amounts.
  - Property disposals below the capitalization threshold totaling $799,635 that were not included in beginning capital asset balances were erroneously deducted in the manual capital asset schedules, thereby understating the ending capital asset balances.

  The SAMS Manual (Procedure 03.30.10) states the accumulated costs incurred during construction of assets should be held in Construction in Progress until such time as the project is determined to be "substantially complete" (i.e., ready for its intended use).

  The SAMS Manual (Procedure 29.10.30) on CDB Activity states costs associated with non-major remodeling, renovation and rehabilitation projects are to be recorded by the agency in their capital records as a repair and maintenance cost for that period. Guidance for distinguishing between repairs and maintenance and capital items is provided in SAMS Manual (Procedure 03.30.10).

- The Department assessed a closed facility (Tamms) as temporarily impaired, subject to continued assessment in future reporting periods. However, the Department did not disclose the carrying values of the assets located in this idle facility totaling $40,840,843 as required.

  GASB Statement No. 42 – *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* paragraph 20 requires the carrying amount of impaired capital assets that are idle at year-end be disclosed, regardless of whether the impairment is considered permanent or temporary.

The Department subsequently adjusted the financial statements to correct these errors and included the required disclosures in the notes to the financial statements.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires capital assets to be reported in government-wide financial statements, depreciation expenses in the statement of activities and separate net assets category - invested in capital assets.

The State Property Control Act (Act) (30 ILCS 605/6.02) states, "Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control..." The Act (30 ILCS 605/4) requires every responsible officer of state government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The SAMS Manual (Procedures 03.30.30 and 27.20.38) outlines the reporting process for capital assets, which is necessary for the Office of Comptroller to complete the Statewide financial statements in accordance with generally accepted accounting principles.

Department management attributed the exceptions relating to capital assets and financial reporting classification errors to staff turnover, staff limitations, competing priorities, human error, and employee oversight. Department management stated staff interpreted amounts listed as non-Construction-in-Progress on reports received from CDB as completed projects. In addition, management indicated staff time was also spent on the transition to the ERP system and staff was still navigating the new system for property updates and reporting.

The exceptions noted represent a material weakness in the Department's internal control over financial and fiscal operations which poses a reasonable possibility that a material misstatement of the entity's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis.

The Department had capitalized property and equipment throughout the State totaling approximately $1.8 billion as of June 30, 2020. Failure to maintain complete and accurate property records and inaccurate reporting of capital assets increases the risk of equipment theft or loss occurring without detection and resulted in financial misstatements. (Finding Code No. 2020-002, 2018-002, 2016-002, 2014-002, 12-02, 10-04, 08-07)

RECOMMENDATION

We recommend the Department:

- Identify and assign sufficient resources to perform the required tasks related to property record keeping and capital assets reporting.

- Strengthen its procedures over property and equipment to ensure accurate and timely recording in the ERP property system.

- Develop and document procedures for tracking, monitoring and proper accounting of construction in progress from inception to completion.

- Incorporate internal review procedures within its property reporting function to ensure capital asset information is complete, properly recorded, and accounted for to permit the preparation of reliable financial information and reports to the Office of Comptroller.

DEPARTMENT RESPONSE

Recommendation accepted. The Department continues devoting the resources necessary to ensure Capital Asset Reporting is prepared in an accurate manner. The Department will strive to increase timeliness of recordkeeping and reduce the number of manual calculations.

A property control accountant position is anticipated to be filled within the next few months. This will allow devoting of these resources to improving timeliness and limiting errors and oversights. A new manager has been assigned and work has begun implementing adjustments to further address improving the timeliness of recordkeeping, reducing errors, and manual calculations.

2020-003 **<u>FINDING</u>:** (Lack of controls over computer systems)

The Department of Corrections (Department) failed to implement controls over its computing environment to ensure sufficient protection.

In order to meet its mission of "serving justice in Illinois and increase public safety," the Department utilizes computer systems such as Offender 360 and Fund Accounting and Commissary Trading Systems. The Department utilizes these systems to track offender's location, information, and maintain accounting of offender's finances and the Department's finances.

Since 2016, we have determined the Department had not implemented adequate controls over its computing environment. During the current audit, the Department still had not taken appropriate actions to document and implement the necessary controls.

During testing, we noted:

- The Department had not developed a disaster recovery plan or conducted testing.
- The Department had not performed a review of user access to its applications.
- The Department had not implemented a formal change management process to control changes to its environment and applications. In addition, it was noted programmers had access to the production environment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control section, sanctions the appropriateness of access rights, including periodic access reviews. Additionally, the Configuration Management section enforces the development of controls over changes, including enforcing logical restrictions to the production environment. Furthermore, the Contingency Planning section, supports the development and testing of disaster recovery plans.

Department management stated the exceptions were due to the understaffing of support personnel to monitor and document the controls for the computer systems.

Due to the severity of the deficiencies noted, the auditors were unable to rely upon the IT environment controls. The auditors consider the weakness to be a material weakness in the Department's internal control over financial and fiscal operations. (Finding Code No. 2020-003, 2018-003, 2016-003, 2014-005, 12-08)

RECOMMENDATION:

We recommend the Department implement and document the controls over its computing environment and ensure the controls provide sufficient protection.

DEPARTMENT RESPONSE:

Recommendation accepted. In February 2020, work started to address the issues noted in this finding with respect to disaster recovery planning. Target completion date has been pushed out to late summer of 2021 due to the impact of COVID-19 remote working conditions. The Department of Innovation and Technology's Business Impact Analysis Team is working with the Department of Corrections for planning and scheduling.

In-place security governance has been implemented to address the issues noted in this finding with respect to user access controls. Staff are on-board to monitor, control, and govern application security concerns. An Application User Access request process is in place for anyone requiring access to any of the Department of Corrections server and client systems. The Department is proactive in maintaining the proper security controls. Formal documented data and security governance policies and guidelines are in place under the Department of Innovation and Technology umbrella.

To address the issues noted in this finding with respect to change management, procedures have been established to ensure proper management approvals are obtained prior to making changes to the current systems. The Department is in the process of establishing a change management committee to further refine the process and establish policies and procedures to ensure data and security integrity is not compromised. Formal documented change management guidelines will be in place post establishment of the change management committee.

2020-004 **<u>FINDING</u>** (Lack of fiscal controls and proper financial reporting over Offender 360 project)

The Department of Corrections (Department) did not ensure fiscal requirements were controlled and documented, and did not ensure proper financial reporting was performed for the Offender 360 project.

In June 2010, the Department embarked on the development of the Offender 360 system in order to meet the statutory requirements of Public Act 097-0697 to manage the awarding of sentence credits to eligible offenders. Over the last ten years, the Department has added additional functionality to Offender 360 in the areas of offender tracking, offense information, security levels, offender personal, and medical information.

Since the Fiscal Year 2014 engagement, we have reported the Department had not implemented controls over the fiscal requirements and vendor payments related to Offender 360 and failed to determine the capitalizable costs for the development of Offender 360. During the current engagement, we continued to identify weaknesses regarding monitoring, tracking and financial reporting of software application development costs and noted management did not take all reasonable steps to implement appropriate and sufficient corrective action.

During our testing, we requested the Department provide documentation supporting the cost of the Offender 360 project through Fiscal Year 2020. In response, the Department provided spreadsheets which documented the Department had paid $88,520,691 for vendor services since Fiscal Year 2010. The spreadsheets did not include the total cost of Department staff and some additional hardware and software purchases. The Department provided a summary of staffing costs totaling $1,440,607 from Fiscal Year 2010 to Fiscal Year 2019. The Department stated these vendor and staffing costs included costs of the Youth 360 system for the Department of Juvenile Justice, but the Department did not have adequate information to determine the amount that should have been excluded from the Offender 360 costs. We also noted the spreadsheets were the same spreadsheets provided in the prior audit and had not been updated with all Fiscal Year 2019 and any Fiscal Year 2020 additional vendor and staff costs. The Department subsequently provided vendor invoices incurred through Fiscal Year 2020.

In addition, we noted:

- In response to the prior finding, the Department reviewed vendor payments and determined the Department had paid the vendor in full for services not yet rendered as of June 30, 2020 totaling $7,359,021. The Department subsequently entered into a spend-down agreement with the vendor to apply the credit balance to future infrastructure stabilization and maintenance services. We noted the Department did not recognize this prepaid expense in the Generally Accepted Accounting Procedures Package and financial statements for Fiscal Year 2020. The Department subsequently adjusted its financial statements to report the prepaid expense.

- The Department had not capitalized the costs for the development of Offender 360. Furthermore, it was determined the Department had not maintained sufficient records to determine the development costs related to the Offender 360 project and the modules which the Department subsequently discontinued development, to properly exclude in the capitalizable costs.

  The amount to be capitalized is to include all vendor and Department staff development costs since June 2010 for software projects expected to be completed. The Department was not able to obtain sufficient details from internal records or the vendor to be able to separate the costs between capitalizable amounts and expenses. The Department also did not maintain detailed time records for staff involvement in development tasks to properly compute capitalizable staffing costs.

- The Department still had not developed adequate policies and procedures to identify projects that are capitalizable, determine what costs should be included in the capitalization, and track and maintain support for the costs to be capitalized.

- Since the prior audit, the Department had not taken adequate corrective action as of June 30, 2020 to strengthen internal controls over development, fully complete a central repository of information, or track and monitor deliverables and performance for internally generated software, in order to accurately identify capitalizable assets.

Total cumulative costs incurred, including both vendor payments as well as software licenses and subscriptions, through Fiscal Year 2020 amounted to $103,775,797 based on the Department's listing of invoices and staffing cost estimates that had not been analyzed to identify properly capitalizable amounts related to the application development phase or to determine costs incurred related to the Youth 360 system.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires government-wide financial statements to be prepared using the economic resources measurement focus and the accrual basis of accounting and also requires acquired but unused goods and services be reported as assets until they are used.

GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Asset*s requires specified-conditions to be met for the development cycle of computer software before the outlays can be capitalized. This Statement specifies outlays can be grouped into the preliminary project stage, application development stage or the post-implementation/operation state, but only outlays incurred for activities during the application development stage of internally generated software should be capitalized.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the policies, decisions, procedures, and essential transactions of the agency.

The State Finance Act (30 ILCS 105/9.05) states "the voucher shall state on its face that the goods or services are being procured pursuant to a formal, written contract the terms of which require advance payment… The voucher shall also state the contract requires the goods or services to be delivered or received prior to the expiration of the lapse period of the fiscal year to which the expenditures are charged."

Department management stated staffing changes contributed to the lapse in monitoring and controlling expenditures for this project. Department management further stated a substantial number of hours had been spent trying to determine whether the development costs could be identified and Department management concluded there was no benefit in spending more time evaluating invoices and determining an unreliable estimate of capitalizable costs. Department management stated they did not initially recognize a prepaid expense for the overpayment as of June 30, 2020 due to oversight. In addition, Department management stated policies, procedures and records had not been developed to identify, track, and report capitalizable software projects and new costs incurred since the prior audit due to turnover of staff intricately involved in the project and conflicting staff priorities.

This material weakness in the Department's internal control over financial and fiscal operations poses a reasonable possibility that future material misstatements of the Department's financial statements or material noncompliance will occur and not be prevented or detected and corrected on a timely basis.

Failure to properly maintain documentation and control expenditures has resulted in overpayment and potential improper payments to the vendor and material financial misstatements. Failure to establish adequate controls and track costs incurred related to capitalizable application developments for internally developed software may result in a material misstatement of financial statements and is a departure from generally accepted accounting principles. Due to the absence of adequate information to calculate capitalizable development costs, the amount by which this departure would affect the assets, net position, and expenses of the governmental activities cannot be determined. Accordingly, the auditor's opinion on the financial statements of governmental activities was qualified. This qualification will continue until the potential capitalizable costs would have been fully depreciated or until the Department is able to provide adequate substantiation to determine the actual capitalizable costs. (Finding Code No. 2020-004, 2018-010, 2016-010, 2014-018)

RECOMMENDATION

We recommend the Department implement controls to ensure expenditures are made in accordance with State statute, terms of the contract, and are properly documented and reported in financial statements. The Department should also assign responsible staff and implement internal controls to ensure the costs related to future internally developed software are adequately tracked by development stage and project and analyzed for accurate calculation of costs to be capitalized. Specifically, policies, procedures and records should be developed in a timely manner to identify, track, and report capitalizable software projects and new costs incurred. In addition, we also recommend the Department establish a central repository of information related to the project, track and monitor deliverables and performance. The Department should adequately review vendor billings for accuracy of payments and any prepayments to ensure they are properly applied to completed deliverables.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will work to strengthen its internal controls over the development and support of its Information Technology environment. A central repository of application documentation has been established, deliverables and performance will be tracked and monitored, and an exhaustive review of all Information Technology expenditures will be completed with appropriate action being taken for billing irregularities.

The Department would like to point out that the $103,775,797 listed in the finding represents both internal development staffing costs and the total amount paid to the outside vendor over the time periods of fiscal years 2011-2020. Included in this amount are costs for items such as storage, maintenance support, and software licensing, in addition to the development costs for modules that were later determined to be inoperable and contracted deliverables that were never provided by the vendor.

Through negotiations with the vendor, the Department was able to recoup $7,359,021 to offset storage and maintenance costs of the application, which was fully utilized in early 2021.

Furthermore, in March of 2021, the Department switched vendors for the maintenance of the application.

2020-005 **FINDING** (Inadequate Internal Controls over Census Data)

The Department of Corrections (Department) did not timely report complete and accurate census data to the Department of Central Management Services and did not have a reconciliation process to provide assurance census data submitted to the pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During testing, we noted the following:

1) The Department had not performed an initial complete reconciliation of its census data recorded by SERS and CMS to its internal records to establish a base year of complete and accurate census data.

2) After establishing a base year, the Department had not developed a process to annually obtain from SERS and CMS the incremental changes recorded by SERS and CMS in their census data records and reconcile these changes back to the Department's internal supporting records.

3) Six of 120 (5%) employees tested had an event occur impacting CMS' census data records that was not reported until a subsequent fiscal year. In addition, we noted it took between 35 and 152 days from the occurrence of the event and when this information was entered into CMS' records. We worked with CMS' actuary to project the impact of these errors on CMS' valuation and determined these exceptions did not materially impact the Department's financial statements.

4) One of 120 (1%) employees tested had a discrepancy between the change date recorded within CMS' records and the Department's records. We noted the reported date within CMS' census data records was 202 days after the event purportedly occurred according to the Department's records. We considered the impact of this discrepancy and determined this amount did not materially impact the Department's financial statements.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department management indicated they were unaware of the need to perform a reconciliation of the census data information recorded by SERS and CMS to the Department's records. Department management indicated delays in reporting and data input occurred due to submission of manual forms and a need for additional supporting documents and approval.

Failure to ensure census data was timely reported to CMS which was complete and accurate could have resulted in a material misstatement of the Department's financial statements and reduced the overall accuracy of CMS-related OPEB liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies. In addition, failure to reconcile active members' census data reported to and held by SERS and CMS to the Department's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Department’s pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2020-005)

RECOMMENDATION

We recommend the Department implement controls to ensure reportable events are timely and accurately transmitted to CMS.

Further, we recommend the Department work with SERS and CMS to develop an annual reconciliation process of its active members’ census data from its underlying records to a report from each plan of census data submitted to the plan’s actuary. After completing an initial full reconciliation, the Department may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will use its scarce public resources to work with SERS to develop and implement a process to reconcile the census data for the pension plan to the Department's underlying records for active members.

Although there is no law, regulation, rule or internal policy requiring changes to be entered into the Central Management Services (CMS) system on a timely basis, the Department's Central Office strives to enter these changes within a few days of receiving the required paperwork and approvals from its employees.

Furthermore, the Department takes great comfort in knowing that its financial statements for the years ended June 30, 2019, and 2020 were not materially misstated with respect to the items listed in this finding.

2020-006 **FINDING** (Inadequate administration of and controls over locally held funds)

The Department of Corrections' (Department) did not adequately administer and maintain controls over locally held funds during the audit period.

As part of performing the financial audit of the Department, auditors performed tests of the locally held funds at the Department's 25 correctional centers, Joliet Treatment Center, and Kewanee Life Skills Re-entry Center (correctional centers or centers); the 4 Adult Transition Centers (ATCs) and the Central Office (Springfield). The specific locally held funds tested included the DOC Commissary Funds (Resident's Commissary Fund and Employee's Commissary Fund), DOC Resident's Trust Fund, DOC Resident's and Employee's Benefit Fund (Resident's Benefit Fund and Employee's Benefit Fund), Travel and Allowance Revolving Fund, and Moms and Babies Fund.

Following were the year-end cash balances of the locally held funds at the Department:

	Fiscal Year 2019	Fiscal Year 2020
DOC Commissary Funds	$ 10,005,651	$ 8,881,941
DOC Resident's Trust Fund	$ 12,281,593	$ 13,684,362
DOC Resident's and Employee's Benefit Fund	$ 13,881,411	$ 17,187,085
Travel and Allowance Revolving Fund	$ 269,500	$ 243,393
Moms and Babies Fund	$ 1,937	$ 2,188

During the current examination, we continued to identify weaknesses regarding the Department's administration and controls over locally held funds and noted management did not take all reasonable steps to implement appropriate and reasonable corrective action to provide sufficient resources and oversight, prevent errors, and ensure locally held funds were properly administered and transactions were adequately maintained and recorded. These issues were first reported during the examination for the period ended June 30, 1994.

We identified several exceptions and weaknesses related to the controls over the Department's locally held funds as follows:

- Auditors tested all 27 correctional centers and noted the following exceptions related to the recording of financial transactions:
    - Three (11%) correctional centers (Graham, Lincoln and Stateville) were not able to provide a complete listing of outstanding invoices comprising DOC Commissary Funds accounts payable balance of $204,048 and $445,719, for Fiscal Years 2019 and 2020, respectively. As a result, auditors were unable to conclude the correctional centers' population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the DOC Commissary Funds accounts payable. Also, the auditors were not able to

determine if accounts payables for the DOC Commissary Funds were properly reported for Fiscal Years 2019 and 2020 for these correctional centers.

- Four (15%) correctional centers (Decatur, Lincoln, Jacksonville, and Taylorville) were not able to provide supporting documents for 6 of 270 (2%) DOC Commissary Funds accounts payable samples selected for Fiscal Years 2019 and 2020, totaling $8,108 and $3,390, respectively.

- Three (11%) correctional centers (Joliet, Logan, and Shawnee) did not correct errors in DOC Commissary Funds accounts payable during Fiscal Years 2019 and 2020, totaling $12,882 and $19,808, respectively.

- One (4%) correctional center (Lincoln) did not properly record Fiscal Year 2020 transactions, resulting in a negative balance of $31,555 in the Inmate Trust Fund cash on hand.

- Four (15%) correctional centers (Decatur, Hill, Lincoln, and Taylorville) understated DOC Commissary Fund accounts payable by a total of $2,162 and $729, during Fiscal Years 2019 and 2020, respectively.

Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires governmental fund financial statements to be prepared using the modified accrual basis of accounting and fiduciary fund financial statements to be prepared using the accrual basis of accounting. These bases of accounting require the recognition of expenses and liabilities in the accounting period they are incurred.

- Financial reports of ATCs did not agree to supporting documents. We noted the following unexplained differences:

	Financial Reports Over (Under)		
	Cash / Fund Balances	Revenues / Additions	Expenditures / Deletions
Fiscal Year 2020			
Crossroads	$ 13,759	$ 17,037	$ 658
North Lawndale	(19)	(20,152)	5,960
Fox Valley	3,197	-	-
	$ 16,937	$ (3,115)	$ 6,618
Fiscal Year 2019			
Crossroads	$ 5,152	$ (44,080)	$ 14,662
North Lawndale	26,158	16,006	5,385
Fox Valley	1,338	-	-
	$ 32,648	$ (28,074)	$ 20,047

The Statewide Accounting Management System Manual (Procedure 02.50.20) states agencies should establish control objectives and control techniques for fiduciary and trust funds to ensure detailed subsidiary records are maintained and are periodically reconciled to control accounts. In addition, the Department's Administrative Directive (A.D.) (02.40.104) states that upon receipt of the bank statement for each checking account, the bank statement shall be reconciled with the general ledger. Furthermore, sound internal controls require that accounting records accurately and completely record all transactions of the entity. Balances in the general ledger accounts should be reconciled with statement of accounts on a regular basis and adjustments recorded timely and correctly in the books of accounts. Reconciling items should be investigated immediately and adjustments made to the general ledger.

- The auditors tested 560 receipts at 27 correctional centers, 80 receipts at the ATCs, and 120 receipts at Central Office and noted the following exceptions:

  - Thirty of 760 (4%) locally held funds receipts tested, totaling $372,377, were deposited between 1 and 89 days late during Fiscal Years 2019 and 2020. This condition was noted at Centralia, Decatur, Dixon, Hill, Jacksonville, Lawrence, Lincoln, Pinckneyville, Robinson, Sheridan, Southwestern, and Vandalia Correctional Centers and at Fox Valley, North Lawndale, and Peoria ATCs.

    The Department's A.D. (02.40.110) states that cash accumulated in the amount of $1,000 or more on any business office working day shall be deposited no later than 12:00 a.m. the next working day.

  - Seven of 760 (1%) locally held funds receipts tested, totaling $120,814, did not have complete supporting documents. This condition was noted at Lincoln and Sheridan.

    A.D. (02.95.105) requires records be properly identified for ready access, stored, and safeguarded at the center.

  - Twenty-seven (4%) receipts tested were deposit transfers from the Inmate Trust Fund to the Inmate Commissary Fund, which were made one to three months late for purchases during Fiscal Years 2019 and 2020 totaling $1,094,197 and $1,246,981, respectively. This condition was noted at Decatur, Dixon and Stateville Correctional Centers.

    A.D. (02.42.105) states, at least weekly, a check payable to the Inmates' Commissary Fund shall be prepared for the total amount of daily purchases for the week.

    Department management stated untimely deposits from the Trust Fund to the Inmate Commissary Fund were due to untimely receipt of reimbursements for Offender's payroll. In addition, Center personnel indicated they have been directed to maintain a sufficient cash balance in the Trust Fund account to cover the due to inmates amount in the event of a Center closure.

Sound internal controls require that all funds received should be deposited intact. The total amount of the deposit should equal the total of the supporting documents. A reconciliation of deposit amounts with the supporting receipt documents should be performed and formally documented.

- The auditors tested 560 disbursements at 27 correctional centers, 80 disbursements at the ATCs and 78 disbursements at Central Office and noted the following exceptions:

  - For 55 of 718 (8%) locally held fund disbursements tested, totaling $131,083, adequate supporting documents were not provided, such as invoices, receiving reports, and committee member meeting minutes. This condition was noted at Centralia, Danville, Dixon, Graham, Illinois River, Jacksonville, Lawrence, Lincoln, Menard, Pinckneyville, Pontiac, Sheridan, Stateville, Taylorville, Vandalia, and Western Illinois Correctional Centers, Joliet Treatment Center, and at Central Office. A.D. (02.43.102) and A.D. (02.45.102) establish written requirements for Benefit Fund expenditures, including documentation of committee decisions at each facility for review and approval of purchase requests. A.D. (02.95.105) requires records be properly identified for ready access, stored, and safeguarded at the facility.

  - Eight of 718 (1%) locally held fund disbursements tested, totaling $30,871, did not contain all the required signatures for approval or had improper approval signatures. These conditions were noted at Centralia, Dixon, and Sheridan Correctional Centers and at Central Office. The Department's A.D. (02.40.102) requires two signatures on all checks and specifies positions with signature authority.

  Sound internal controls over disbursements require all disbursements be adequately supported and approved by authorized personnel

- We tested bank reconciliations at 27 correctional centers, 4 ATCs and Central Office and noted the following:

  - Lincoln Correctional Center was unable to provide documentation supporting $71,846 of outstanding checks in the Resident's Commissary Fund's bank reconciliation for June 30, 2020.

  - The Department could not provide explanations for the differences noted between the cash balances reported in the bank reconciliation and the general ledger for 7 of 60 (12%) Resident's Trust Fund bank reconciliations tested totaling $15,148, and for 1 of 60 (2%) Travel and Allowance Fund bank reconciliations tested, amounting to $1,608. These conditions were noted at

Danville, Decatur, Lincoln, and Sheridan Correctional Centers and at North Lawndale, Fox Valley and Crossroads ATCs.

- The auditors noted 63 of 450 (14%) bank reconciliations tested did not have all the required signatures of the preparer and/or the individuals responsible for approval and the dates of preparation and approval were not always indicated. These 63 bank reconciliations were missing 82 of 189 (43%) required signatures. These conditions were noted at Big Muddy, Centralia, Danville, Decatur, Dixon, Lincoln, Logan, Taylorville, Vandalia, and Vienna Correctional Centers; Crossroads, Fox Valley, and North Lawndale ATCs; and at Central Office.

- Logan Correctional Center failed to timely void a $689 check that had been outstanding for more than three months for the Employee's Commissary Fund during Fiscal Year 2020. The check was voided 482 days late. In addition, at three ATCs, there were 7 instances in which stop-payments were not issued for Resident Trust Fund checks that were outstanding for more than three months. The exceptions occurred at North Lawndale (two instances, totaling $21,785), Peoria (three instances, totaling $506), and Fox Valley (two instances, totaling $300).

Good internal controls require that monthly bank reconciliations be reviewed by the preparer's supervisor for accuracy and timely resolution of reconciling items. A.D. (02.40.104) requires reconciliation of the locally held fund, the general ledger, and subsidiary accounts to occur monthly after the fund checking account has been reconciled and the general ledger posting is completed. Once completed, the reconciliation is to be submitted to the Center's Business Administrator and Chief Administrative Officer for review and signature. Furthermore, A.D. (02.40.104) requires the Center to review checks outstanding for three months and issue a stop payment request.

- We reviewed segregation of duties at 27 correctional centers and the 4 ATCs. We noted 4 (13%) facilities lacked sufficient segregation of duties over all commissary fund duties at Danville and Vienna Correctional Centers and over the trust fund duties at Sheridan Correctional Center and Fox Valley ATC. The Centers and the ATC did not have the required statement in writing by the Chief Administrative Officer, approved by the Chief Financial Officer, for the exceptions to specified segregation of duties.

  Sound internal control requires adequate segregation of duties to ensure that effective checks and balances are in place to minimize the risk of loss. A.D. (02.40.101) states that individuals designated to write checks should not be responsible for mailing checks, and that individuals designated to reconcile the funds should not have the authority to sign checks. Any exceptions to the separation of duties as outlined in the directive are to be stated in writing by the Chief Administrative Officer and approved by the Chief Financial Officer.

- We tested signature authority at 27 correctional centers and the 4 ATCs and noted exceptions at 3 (10%) correctional centers as follows:

  - Logan and Sheridan Correctional Centers failed to provide DOC Commissary Funds and Resident's Trust Fund signature cards from the bank for 7 months and 21 months of the examination period, respectively.

  - At Stateville Correctional Center, one of five (20%) individuals included on the Resident's Commissary and Resident's Trust Fund's signature cards was a former employee who left the Center two months prior to our inquiry. In addition, the Warden did not have signature authority for over six months after his appointment. Center personnel indicated the Fund's signature cards were not updated timely due to limitations brought on by COVID-19.

  A.D. (02.40.102) states the Business Administrator shall ensure the bank is notified in writing of any changes to signature authority and maintain copies of the notification and current bank signature cards in the locally held fund file.

- During our analysis of the Employee's Commissary Fund, we noted 19 of 21 (90%) Centers with an Employee's Commissary Fund reported negative gross margins in their Inventory Sales Gross Margin reports reviewed during the examination period:

Center	# of Months Operated at a Negative Gross Margins During the 24-month Review Period (Exception Percentage)	Total Negative Gross Margin
Big Muddy River	9 (38%)	$ 18,487
Danville	2 (8%)	$ 1,474
Decatur	2 (8%)	$ 1,465
Dixon	1 (4%)	$ 679
Graham	9 (38%)	$ 4,453
Hill	7 (29%)	$ 1,096
Illinois River	2 (8%)	$ 458
Jacksonville	8 (33%)	$ 4,876
Kewanee	4 (17%)	$ 983
Lawrence	1 (4%)	$ 640
Lincoln	7 (29%)	$ 4,388
Logan	3 (13%)	$ 13,415
Menard	5 (21%)	$ 1,209
Pinckneyville	11 (46%)	$ 8,132
Shawnee	1 (4%)	$ 332
Taylorville	1 (4%)	$ 145,180
Vandalia	6 (25%)	$ 1,502
Vienna	7 (29%)	$ 2,890
Western	5 (21%)	$ 1,049

Department management indicated these negative gross margins reflected in the reports were mainly due to timing differences in updating sales transactions and errors on cost of sales calculations. Management stated other less significant negative gross margins were due to inventory adjustments made and lower sales due to COVID.

Good internal controls require Center personnel to examine operations and related controls when operating losses are noted on a persistent or ongoing basis. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds held outside of the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

- The Department utilized a Commissary Fund Cash Review Form (DOC 0075) to calculate the available cash to effectuate the transfer of accrued profits in compliance with the Unified Code of Corrections (Code) (730 ILCS 5/3-4-3(c)). We performed a review of the DOC 0075 completed during Fiscal Years 2019 and 2020 for 27 centers and noted the following:

    - Four (15%) centers were unable to provide complete documentation of DOC 0075 for the Resident's Commissary Fund and the Employee's Commissary Fund for Fiscal Years 2019 and 2020. This condition was noted at Danville, Decatur, Lincoln, and Taylorville Correctional Centers. Since the documentation was incomplete, we were unable to determine accurately how much money was available to be transferred to the Resident's and Employee's Benefit Funds.

    - We noted the year-to-date amounts indicated in the DOC 0075 forms did not agree with the amounts on the monthly Statement of Operations for July 2019, totaling $37,259, at Decatur Correctional Center and Joliet Treatment Center.

    - Furthermore, we noted differences between the amounts indicated in the DOC 0075 forms and the General Ledger Trial Balance (GLTB) Reports for Fiscal Years 2019 and 2020, totaling $9,297,534 and $8,930,525, respectively, at 96% of centers, or all except Sheridan Correctional Center.

  Department management indicated the differences in amounts between DOC 0075 and the GLTB is due to timing of generating the report used at the time the centers completed the DOC 0075 but those supporting reports were not kept on file. Management indicated additional adjustments may have been posted in the final GLTB reports used by the auditors.

  Good internal controls require that accounting records accurately and completely record all transactions of the entity. Balances in the general ledger accounts should be reconciled with financial reports used in performing analysis of operations on a regular basis and adjustments recorded timely and correctly in the books of accounts. Reconciling items should be investigated immediately and adjustments made to the general ledger. In addition, good business practice requires maintenance of adequate documentation to support reports or required forms completed.

The Code (730 ILCS 5/3-4-3(c)) states "Forty percent of the profits on sales from commissary stores shall be expended by the Department for the special benefit of committed persons which shall include but not be limited to the advancement of inmate payrolls, for the special benefit of employees, and for the advancement or reimbursement of employee travel, provided that amounts expended for employees shall not exceed the amounts of profits derived from sales made to employees by such commissaries, as determined by the Department. The remainder of the profits from sales from commissary stores must be used first to pay for wages and benefits of employees covered under a collective bargaining agreement who are employed at commissary facilities of the Department and then to pay the costs of dietary staff."

A.D. (02.44.110) specifies on a monthly basis, 40% of the net profit of the Employee's Commissary shall be accrued to the Employee's Benefit Fund while 60% of the net profit shall be distributed to the Department of Corrections 523 – Salary Reimbursement Fund. The checks made payable to the Department of Corrections Fund 523 – Salary Reimbursement Fund are required to be prepared expeditiously, allowing sufficient time to ensure receipt by the 20th of the month at the Office of the Central Accounting Section.

A.D. (02.44.110) also states "Once per month, the Business Administrator shall determine the excess cash available in the Inmate Commissary Fund and Employee Commissary Fund, if applicable, and authorize payment to the appropriate benefit fund. Sufficient funds shall be retained in the commissary fund to maintain operation of the commissary. The Business Office shall complete the reconciliation using the Commissary Fund Cash Review Form, DOC 0075, and submit the form to the Business Administrator. The Business Administrator shall review and approve the Commissary Fund Cash Review Form prior to any payments of excess cash from the commissary funds."

- The Department did not adequately perform formal monitoring procedures of its locally held funds to ensure that cash balances maintained at various financial institutions were fully secured and collateralized. The Department had bank accounts with 44 financial institutions with bank balances totaling $42 million. Of this total, the cash balance as of June 30, 2020 held with one financial institution was $484,300 over the Federal Deposit Insurance Coverage (FDIC) of $250,000 and no additional collateral pledged by the financial institution was obtained to cover the remaining uninsured amount. Department management stated the exception was due to turnover of the staff responsible for maintaining the monitoring spreadsheets and oversight.

> Administrative Directive (02.40.102) states, if the sum of locally held funds excluding offender trust funds on deposit at a single financial institution exceeds $250,000, the Business Administrator shall request pledged collateral to equal the amount in excess of the $250,000 Federal Insurance maximum.
>
> The State Officers and Employees Money Disposition Act (30 ILCS 230/2c) requires that a bond, pledged securities, or other eligible collateral be obtained whenever funds deposited with a bank or savings and loan association exceed the amount of federal deposit insurance coverage.

SAMS Manual (Procedure 02.50.20) states agencies should establish internal control objectives and techniques for payables, debt, and other liabilities to ensure all payables and other claims against the State are recorded promptly and accurately.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the essential transactions of the Agency to protect the legal and financial rights of the State.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds are safeguarded against loss.

Department management stated the exceptions related to controls over locally held funds were due to lack of employee oversight, insufficient training and staffing, failure to follow established policies and procedures, human error, and competing priorities at the correctional center level. At the Central Office level, Department management stated a lack of staff to monitor correctional center issues, as well as competing priorities, compounded the problems.

It is important to properly administer locally held funds as they are not subject to appropriation and are held outside the State Treasury. Failure to adequately administer locally held funds could lead to a failure to prevent or detect fraud, theft, unauthorized use, or insufficient funds, causing overdrafts. Untimely deposits result in the loss of interest earnings and increased risk of inadvertent loss. Inadequate administration of locally held funds also deters sufficient oversight, monitoring, and management's ability to identify and take timely corrective action when locally held funds are not operating as intended. In addition, inadequate administration may result in a misstatement of the financial statements. Failure to adequately monitor and ensure Department funds are sufficiently covered by collateral increases the risk that the deposits on these accounts may not be repaid or returned to the Department in case of bank failure. (Finding Code No. 2020-006, 2018-004, 2016-004, 2014-004, 12-04, 10-07, 08-14)

RECOMMENDATION

We recommend the Department remind Center staff of the requirements set forth within the Administrative Directives and statutes related to the operation and maintenance of the locally held funds. We further recommend the Department devote adequate resources, provide sufficient training on locally held funds, ensure sufficient oversight, and implement sufficient internal controls to ensure adequate administration of locally held funds. The Department should also ensure records are timely updated and printed, perform reconciliations of financial reports with the general ledger balances and resolve differences to ensure accuracy of reports used in operational procedures and analysis. In addition, adequate supporting documentation for any forms or reports completed should be maintained on file to resolve differences that may be identified.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will continue working with Center staff on the requirements related to operation and maintenance of locally held funds and train staff on the various policies that apply to the locally held funds regarding receipts, disbursements, and record keeping. In addition, the Department will devote adequate resources, ensure sufficient oversight, and implement sufficient internal controls to ensure adequate administration of locally held funds.

Going forward, Central Office staff will monitor the bank account levels of the locally held funds accounts on a quarterly basis to ensure any amounts over the $250,000 of FDIC insurance are properly collateralized.

In addition, the Department would like to mention that although the General Ledger Trial Balance (GLTB) account balance amounts were not accurately reported on the internal DOC 0075 form, the GLTB amounts were used to prepare the Department’s financial statements for the fiscal years ended June 30, 2019, and 2020.

In addition, the Department would like to mention the negative net margins as noted in the finding were primarily due to fewer sales for several weeks at a time during the year while the Centers were responding to COVID. Furthermore, some negative net margins were due to errors that persisted for several months, however, were eventually corrected.

Furthermore, the Department takes great comfort in knowing that its financial statements for the years ended June 30, 2019, and 2020 were not materially misstated with respect to the items listed in this finding.

2020-007 **FINDING** (Lack of adequate controls over the review of internal control over service providers)

The Department of Corrections (Department) did not obtain or conduct timely independent internal control reviews over its service providers.

We requested the Department provide its population of service providers utilized by the Department in order to determine if they had reviewed the internal controls over the service providers; however, the Department was unable to provide a listing of service providers utilized. During our testing, we worked with the Department to identify their service providers to determine the services delivered.

Due to these conditions, we were unable to conclude whether the Department's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205).

Even given the population limitations noted above, we performed testing of eight service providers identified.

The Department utilized various service providers for hosting the Department's Offender 360 application, maintaining residents' trust funds and medical records, as well as for the preparation of financial reports and statements.

During testing, we noted the Department had not:

- Developed a process for identifying service providers and assessing the effect on internal controls of these services on an annual basis.
- Obtained System and Organization Control (SOC) reports or conducted independent internal control reviews for five of the eight (63%) service providers tested.
- Conducted an analysis of the three (60%) SOC reports obtained to determine the impact of the modified opinion(s) or the noted deviations.
- Conducted an analysis of the Complementary User Entity Controls (CUECs) documented in the SOC reports.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

Additionally, we noted 5 of 7 (71%) contracts between the Department and the service providers did not contain a requirement for an independent review to be completed.

Department management stated the exceptions were due to staff turnover, competing staff priorities, and contract managers new to the Department who were unaware of the need for SOC reports from certain types of service providers.

The Department is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to assure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, generally accepted information technology guidance, including the National Institute of Standards and Technology, endorses the review and assessment of internal controls related to information systems and operations to assure the accurate processing and security of information.

The Security and Privacy Controls for Information Systems and Organizations (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, require entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Department does not have assurance the service providers' or subservice organizations' internal controls are adequate. (Finding Code No. 2020-007, 2018-007)

RECOMMENDATION

We recommend the Department:

- Develop a process for identifying service providers and assessing the effect on internal controls of these services on an annual basis.
- Obtain SOC reports or perform independent reviews of internal controls associated with service providers at least annually.
- Analyze the SOC reports obtained to determine the impact of the report's opinion or noted deviations.
- Monitor and document the operation of the CUECs relevant to the Department's operations.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Department, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will work to compile a list of external service providers going forward. SOC Reports and full background checks are a requirement for existing and new vendors and providers of technical services for the Department of Corrections. The Department will obtain and review SOC reports for internal control deficiencies at the vendor.

2020-008 **<u>FINDING</u>** (Inadequate controls over commodity and commissary inventory)

The Department of Corrections (Department) failed to maintain adequate controls over its commodity and commissary inventory.

The inventory balance reported by the Department at June 30, 2020 totaled $13.8 million, excluding the inventory balance of the Department's Correctional Industries. Each correctional center (center) maintained at least a portion of that inventory balance with commodity and/or commissary inventory.

As part of performing the financial audit of the Department, auditors performed tests of commodity and/or commissary inventory at a sample of the Department's 27 centers. The determination of which centers to test by sampling for each step was made based upon an analysis of the centers' inventory, locally held fund balances, and other factors.

During the current examination, we continued to identify weaknesses regarding the Department's internal controls over commodity and commissary inventory. We noted management did not take all reasonable steps to implement appropriate and reasonable corrective action to provide sufficient resources and to prevent errors and oversight to ensure commodity and commissary inventory were adequately maintained and accurately reported. This finding was first noted during the examination for the period ended June 30, 2008.

Auditors noted the following weaknesses in controls over commodity and commissary inventory:

- The Department did not adjust inventory balances for advance sales orders at centers totaling $227,818. As a result, inventory and unearned revenues reported in the financial statements were understated by $227,818. These conditions were noted at Big Muddy River, Centralia, Danville, Dixon, East Moline, Graham, Jacksonville, Kewanee, Lawrence, Lincoln, Pinckneyville, Pontiac, Robinson, Shawnee, Stateville, Southwestern, Vandalia, Vienna, and Western Correctional Centers.

  Governmental Accounting Standards Board (GASB) Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* paragraph 23 requires revenues from exchange transactions be accounted for at the time a transaction is completed.

- At 7 of 27 (26%) centers tested, the inventory counts and/or balances did not agree with physical count and inventory records, and errors were noted in the total final inventory list resulting in a net inventory overstatement of $47,679 and a net understatement of $1,642 at June 30, 2020 and 2019, respectively. These conditions were noted at Big Muddy River, Dixon, Lawrence, Lincoln, Menard, Pinckneyville, and Vienna Correctional Centers.

- Dixon Correctional Center's inventory procedures did not identify and direct staff how to handle obsolete or damaged items and third-party owned inventory, and the Employee Commissary was not organized in an orderly manner to facilitate an accurate count.

- Lincoln Correctional Center was unable to provide the June 30, 2020 physical inventory count documents for the Inmate Commissary and Employee Commissary inventory totaling $92,005.

  The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the procedures and essential transactions of the agency. The Statewide Accounting Management System (SAMS) (Procedure 03.60.20) requires agencies to perform an annual physical count of inventory on hand and to reconcile the results to inventory records to ensure the completeness and accuracy of those records. A good internal control system on performing physical inventories requires inventory items to be organized properly to ensure an accurate count.

  The Department's Administrative Directive (A.D.) (02.82.101) requires a standardized inventory control system in order to account for all commodity items received, to maintain records that reflect commodity usage and consumption at each facility, and to ensure accurate accounting records are maintained. A.D. (02.82.114A-J) requires the reconciliation of the inventory records to the accounting records to verify the accuracy and value on hand of commodity items.

- We tested 66 inventory items with inventory balances exceeding $5,000 as of June 30, 2020 at six centers for overstocking and noted Lincoln Correctional Center was holding more than one year's supply of inventory for one (2%) item, amounting to an excess amount of $7,912.

  The Illinois Procurement Code (30 ILCS 500/50-55) requires every State agency to stock no more than a 12-month supply of inventory. A.D. (02.82.120) requires the Center to review inventory records at least once a year to determine if any items in stock are surplus to current needs.

- The complete selling price lists for Fiscal Year 2019 for 5 of 27 (19%) inmate commissaries (Joliet Treatment Center, Lincoln, Pontiac, Shawnee, and Sheridan) and 1 of 21 (5%) employee commissaries (Danville) were not provided. The complete selling price lists for Fiscal Year 2020 for 1 of 27 (4%) inmate commissaries (Sheridan) and 2 of 21 (10%) employee commissaries (Danville and Western) were not provided. As a result, we were not able to test these Centers' compliance with statutory requirements on mark-ups of commissary items.

  The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

- We tested 210 Employee Commissary inventory items and noted 49 (23%) were priced 0.3% to 414.24% over the allowed mark-up at Big Muddy River, Hill, Illinois River, Lincoln, Logan, Pinckneyville, Shawnee, Vienna, and Western Correctional Centers. We tested 280 inmate commissary items and noted one (.36%) item tested was priced 24.81% over the allowed markup at Hill Correctional Center.

- Four of 210 (2%) Employee Commissary items tested at centers were priced between 3.35% and 43.92% below the actual cost of the item at Danville and Logan Correctional Centers during Fiscal Year 2020. One of 280 (.36%) Inmate Commissary items tested at centers was priced 1.98% under the actual cost of the item at Western Correctional Center.

  The Unified Code of Corrections (Code) (730 ILCS 5/3-7-2a) sets an upper limit on the selling price for goods sold in the inmate commissary and employee commissary at 25% and 10% above cost, respectively, for non-tobacco products.

- Sheridan Correctional Center did not maintain adequate segregation of duties by having two employees, individually order, receive, record, and price the goods in the inmate commissary.

  The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets are safeguarded against loss and misappropriation and assets are properly recorded and accounted for to maintain accountability over the State's resources.

The SAMS Manual (Procedure 03.60.20) outlines the reporting process for inventory, which is necessary for the Office of Comptroller to complete the Statewide financial statements in accordance with Generally Accepted Accounting Principles.

Department management indicated the conditions noted were caused by lack of knowledge of requirements and training, staff shortages, incomplete documentation of costs of employee commissary items, calculation errors in inventory spreadsheets, human error, and employee oversight.

Strong internal controls require improved centralized oversight functions related to inventory. Failure to implement such controls could lead to theft, loss of assets, and noncompliance with legislative intent, as well as inaccurate reporting of fiscal year-end inventory balances which would, in turn, reduce the reliability of state-wide financial reporting. (Finding Code No. 2020-008, 2018-005, 2016-005, 2014-003, 12-03, 10-06, 08-09)

RECOMMENDATION

We recommend the Department improve its centralized oversight function related to inventory to allow for adequate controls, compliance with procedures and rules, as well as provision of guidance, reminders, and assistance to the Center's staff. We also recommend the Department ensure staff are adequately trained on inventory policies and procedures.

DEPARTMENT RESPONSE

Recommendation accepted. The Department will strive to improve its centralized oversight on inventory controls and continue working with Center staff regarding maintaining and accounting for inventory in the Fund Accounting and Commissary Trading System (FACTS). In addition, the Department will continue providing guidance, reminders and training to the Centers to help facility staff improve compliance and internal controls. In addition, the Department takes great comfort in knowing that its financial statements for the years ended June 30, 2019, and 2020 were not materially misstated with respect to the items listed in this finding.

2020-009 **FINDING:** (Failure to meet court-ordered mental health service requirements)

The Department of Corrections (Department) failed to meet requirements of a settlement agreement and court order for the provision of mental health services to mentally ill inmates in custody of the Department during the examination period.

In April of 2019, the United States District Court issued a permanent injunction after finding the Department was "not in substantial compliance" with the settlement agreement entered by the parties in December 2015. The permanent injunction issued by the District Court, *Rasho v. Walker*, 376 F.Supp.3d 888 (C.D. Ill. 2019) ("the court order"), ordered the Department to provide mental health treatment to prisoners, as well as to provide medication management, mental health evaluations, and necessary mental health staff throughout the correctional system. The Department filed an appeal the following month with the U.S. Appellate Court, Seventh Circuit. On April 23, 2021, the District Court extended the permanent injunction to continue during the pendency of the appeal. The appeal was pending as of August 31, 2021.

Within 90 days of the court order, the Department was required to employ a certain number of additional staff necessary to meet system-wide staffing levels for mental health staff positions as follows: 7 Site Mental Health Service Directors, 12 Mental Health Unit Directors, 16 Staff Psychologists, 142.5 Qualified Mental Health Professionals, 102 Behavioral Health Technicians, 54.5 Registered Nurses – Mental Health, 24 Staff Assistants, 85.5 Psychiatric Providers, 1 Director of Nursing – Psychiatric, and 5 Recreational Therapists.

Based on the auditor's review of staffing levels reported by the Department, the Department failed to meet hiring requirements from the effective date of the permanent injunction through Fiscal Year 2020. Positions that were understaffed included Mental Health Unit Directors, Site Mental Health Service Director, Behavioral Health Technicians, and Psychiatric Providers. Specifically, we examined the Department's reporting of compliance with mental health staff requirements and noted the following exceptions from the court order:

Understaffing of Mental Health Positions			
Fiscal Year	**Quarter**	**Mental Health Position Titles with Vacancies**	**Number of Unfilled Mental Health Service Positions (Full Time Equivalent Staff)**
2019	4th	3 of 10 (30%)	6 Mental Health Unit Directors, 6 Behavioral Health Technicians, 16.787 Psychiatric Providers
2020	1st	3 of 10 (30%)	3 Mental Health Unit Directors, 5 Behavioral Health Technicians, 18.712 Psychiatric Providers
2020	2nd	3 of 10 (30%)	6 Mental Health Unit Director, 8 Behavioral Health Technicians, 18.637 Psychiatric Providers
2020	3rd	4 of 10 (40%)	1 Site Mental Health Service Director, 2 Mental Health Unit Directors, 11 Behavioral Health Technician, 18.987 Psychiatric Providers
2020	4th	3 of 10 (30%)	3 Mental Health Unit Directors, 4 Behavioral Health Technicians, 13.962 Psychiatric Providers
Source: Department Quarterly Reports on Compliance with Rasho V. Baldwin			

The court order also required the Department to meet and certify that its facilities comply with certain requirements to provide mental health services relating to the following areas: class members who are placed on mental health crisis watch, class members who are placed in segregation, class members who are prescribed psychotropic medication, and treatment plans, including mental health evaluations. The court order also required the Department to provide results of their own quality assurance audit and certification of whether compliance has been reached with the Department's quality assurance audit requirements. Within each of the mental health service areas, the court issued up to twelve specific directives requiring Department compliance.

We tested the report created by the Department to certify each facility's compliance with the above court-ordered requirements and noted the Department reported numerous facilities did not meet all court-ordered requirements for some of these mental health service areas. Specifically, the Department's quarterly reports noted the following facilities reported some noncompliance with at least one directive:

Noncompliance with Mental Health Service Requirements			
Fiscal Year	**Quarter**	**Number of Facilities Not in Compliance with Directive(s) in One or More Service Areas**	**Facilities Reporting Noncompliance (Number of Mental Health Service Areas with Noncompliance)**
2019	4th	13 of 28 (46%)	Centralia (2), Danville (2), Dixon (3), Graham (1), Hill (3), Illinois River (5), Lawrence (5), Logan (1), Pinckneyville (1), Pontiac (5), Stateville (1), Stateville Northern Reception Center (3), Western Illinois (3)
2020	1st	14 of 28 (50%)	Danville (3), Decatur (1), Dixon (3), Elgin Treatment Center (1), Graham (1), Hill (3), Illinois River (5), Lawrence (2), Pinckneyville (3), Pontiac (4), Stateville (4), Stateville Northern Reception Center (3), Taylorville (1), Western Illinois (4)
2020	2nd	15 of 28 (54%)	Danville (3), Decatur (1), Dixon (3), Graham (1), Hill (3), Illinois River (5), Joliet Treatment Center (3), Lawrence (4), Pinckneyville (3), Pontiac (3), Southwestern Illinois (2), Stateville (5), Stateville Northern Reception Center (3), Taylorville (1), Western Illinois (5)
2020	3rd	14 of 28 (50%)	Danville (1), Dixon (3), Graham (2), Hill (4), Illinois River (5), Lawrence (3), Logan (1), Menard (2), Pinckneyville (1), Pontiac (3), Stateville (2), Stateville Northern Reception Center (3), Taylorville (1), Western Illinois (5)
2020	4th	15 of 28 (54%)	Danville (2), Dixon (3), Graham (1), Hill (1), Illinois River (5), Joliet Treatment Center (2), Lawrence (3), Logan (3), Menard (2), Pinckneyville (1), Pontiac (3), Stateville (4), Stateville Northern Reception Center (3), Taylorville (1), Western Illinois (5)
Source: Department Quarterly Reports on Compliance with Rasho V. Baldwin			

Department management stated the exceptions were due to a shortage of qualified individuals who applied to fill the necessary positions. In addition, Department management stated the centers that did not comply with all court ordered requirements resulted from a lack of staff, capacity issues, timing issues, untimely review by medical personnel, and a lack of documentation. Subsequent to our testing and the Department's agreement with exceptions noted, Department management stated they disagree with the finding and contended that although the facts presented are technically accurate based on facility certifications, noncompliance would be better measured based on the number of the court's 29 directives facilities had not complied with rather than the 5 mental health service areas those directives related to.

Failure to provide appropriate and reasonable treatment to seriously mentally ill inmates coupled with deliberate indifference to those health needs violates inmates' Eighth Amendment rights. The Department agreed to litigate certain portions of the settlement agreement if compliance did not occur, which resulted in the court order currently on appeal. Failure to comply with court-ordered requirements increases the risk of legal liability of the Department. (Finding Code No. 2020-009)

RECOMMENDATION:

We recommend the Department allocate the necessary resources and take all reasonable and appropriate measures in order to meet court-mandated staffing and reporting requirements.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department agrees that the audit accurately reflects the publicly available data within facility certifications that self-identify compliance with the permanent injunction in *Rasho*. The facility certifications provide no more than an opinion of those at the facility level regarding their compliance with the order. The Department's quarterly reports fully explain how and why it has complied with the 29 data points set forth in the injunction.

The Department further responds by stating it has, at all times, during the effective date of the permanent injunction provided appropriate and constitutionally required mental health care to its population. The Department's compliance with the 29 requirements within the Rasho permanent injunction throughout the entire system (28 facilities), based solely on facility certifications, indicates it has averaged 91.28% (In this calculation, a facility is considered compliant with a mandate within the Rasho permanent injunction if it rates its compliance 85% or more, consistent with National Commission on Correctional Heath Care standards) compliance over the span of the audit cycle. The Department will continue to dedicate resources to ensuring we provide constitutionally required mental health care to individuals in custody. The most recent quarterly report for July 2021 indicates a compliance rate systemwide of 96.3%.

ACCOUNTANT'S COMMENT:

The Department's response contradicts evidence examined, as follows:

- The Department contends its "…quarterly reports fully explain how and why it has complied with the 29 data points set forth in the injunction." However, when other quarterly report components documenting compliance by each facility are considered, the quarterly reports still disclose noncompliance with court-ordered requirements.

- The April 2019 court order found "that despite the good efforts of the [Department], constitutionally deficient care [was] still being provided" and that "finding [was] based generally on the fact that there [was] insufficient mental health staffing at the [Department]." The court order set requirements for mental health care which are currently in effect, pending the Department's appeal. The documentation provided to the auditors does not provide sufficiently appropriate audit evidence to establish the Department's compliance with the staffing requirements of the court order.

- The Department's response states "The facility certifications provide no more than an opinion of those at the facility level regarding their compliance with the order." However, the court order's first compliance requirement is "A quarterly report <u>created by IDOC</u> shall certify each facility's compliance with the above requirements." (emphasis added) The Department's reports to the Court state the quarterly reports and attachments certify whether each facility complies with the court order. The Department cannot both certify to the Court that the <u>Department's</u> submissions certify each facility's compliance as required by the court order, while also indicating to the auditors that those certifications are not the Department's opinion.

- The compliance rates cited by the Department are misleading and incorrectly imply the Department has exceeded court-ordered compliance requirements. Each of the facilities did not meet at least 85% compliance with each of the 29 directives based on facility certifications, as reported by the Department to the Court.

2020-010 **<u>FINDING</u>:** (Inadequate controls over State property)

The Department of Corrections (Department) did not exercise adequate controls over State property.

Recording and reporting weaknesses were identified during our detailed testing of the Department's State property as follows:

- During our testing of equipment vouchers and additions, we noted the following exceptions:

  - For 6 of 18 (33%) equipment vouchers tested, totaling $254,578, equipment acquired was not found on the Department's property control records as of year-end and was not included in the Department's annual report submitted to the Department of Central Management Services (CMS).
  - Twelve of 60 (20%) equipment additions tested, totaling $131,205, were not added to property records timely, ranging from 1 to 185 days late.

  The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 90 days (30 days prior to May 3, 2019) of acquisition, change or deletion of equipment items.

  - For two of 60 (3%) additions tested, totaling $26,258, property records were overstated by $10,159 based on supporting documentation.
  - One of 60 (2%) additions tested, amounting to $1,200, incorrectly omitted the freight charge of $16 from the equipment value in property records.
  - A State Property Surplus – New Furniture Affidavit was not filed with CMS for 1 of 1 (100%) vouchers tested for the purchase of new furniture, amounting to $2,828. The State Property Control Act (30 ILCS 605/7a) states agencies that desire to purchase new furniture shall first check with the administrator if any of the surplus furniture under the administrator's control can be used in place of new furniture. If an agency finds that it is unable to use the surplus property, the agency shall file an affidavit with the administrator prior to any purchase, specifying the types of new furniture to be bought, the quantities of each type of new furniture, the cost per type, the total cost per category, and why the furniture must be purchased new as opposed to obtained from the administrator's surplus. The affidavits shall be made available by the administrator for public inspection and copying.

- During our equipment inventory testing, we noted the following exceptions:

  - Sixteen of 60 (27%) equipment inventory items tested, totaling $47,973, could not be located, including a lawn tractor, office furniture and equipment, and information technology equipment.
  - Six of 60 (10%) equipment inventory items tested, totaling $40,651, were deemed obsolete but remained on the inventory listing and approval had not

been requested to dispose of them. Administrative Directive (A.D.) (02.70.115) states property that is no longer needed by a facility shall be identified as either transferable, non-transferable, trade-in, or demolition. Transferable property is property that is in good condition and that may be useful to another facility or agency. Non-transferable is property that is no longer useful due to condition or requires costly repairs. Transfers or other disposition of property require the signatures of the Responsible Officer, Receiving Officer, the respective Deputy Director or Chief, the Assistant Deputy Director of Fiscal Operations, and the Property Control Manager on a Request for Change of Status of Equipment form per A.D. (02.70.150).

- During our property observation, we noted the following exceptions:

  - Five of 60 (8%) selected equipment items of undetermined value were not properly tagged. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.210) requires agencies to mark each piece of State-owned equipment in their possession with a unique six digit identification number. The Code (44 Ill. Adm. Code 5010.230) also requires agencies to maintain records including identification number, location code number, description, date of purchase, purchase price, object code, and voucher number. Administrative Directive (A.D.) (02.70.105) requires the Center to identify or tag each piece of State-owned controlled property in its possession with a unique identification number.

  - Two of 60 (3%) equipment items of undetermined value which were physically observed were not included in the Department's inventory listing.

- During our deletions testing, we noted the following exceptions:

  - Twenty of 60 (33%) deletions tested, totaling $325,950, were missing the date and evidence of approval on Request for Change of Status of Equipment (Form DOC 0013).
  - Twenty of 60 (33%) asset deletions tested, amounting to $275,454, were removed from property records 1 to 496 days late.
  - Three of 60 (5%) deletions tested, totaling $11,774, were not properly classified on Form DOC 0013.
  - Support was not provided for 2 of 60 (3%) deletions tested, totaling $28,881; therefore, we were unable to test compliance.

- During our testing of internal controls over asset dispositions, we noted the following exceptions:

  - Eleven of 30 (37%) deletions tested, totaling $32,778 were deleted from property records 4 to 108 days late.
  - Three of 30 (10%) deletions tested, totaling $108,764, were missing the date and evidence of approval on Form DOC 0013.

- For two of 30 (7%) deletions tested, totaling $6,161, the Form DOC 0013 was not provided; therefore, we were unable to test compliance.
- For one of 30 (3%) deletions tested, amounting to $2,389, the CMS Surplus Property Form was not provided; therefore, we were unable to test compliance.

- During our testing of the C-15 report reconciliation, we noted additions reported in Fiscal Years 2019 and 2020 were not adequately reconciled with State property expenditures. The unreconciled difference totaled $6,564,475 in Fiscal Year 2019 and $3,925,162 in Fiscal Year 2020.

- During our testing of 36 inventory certifications submitted to CMS, we noted the following reporting discrepancies:

  - For 8 (22%) Fiscal Year 2020 facility equipment inventory certifications reviewed, the amount of discrepancies reported on facility certifications did not agree with the Certification of Inventory reported to CMS, resulting in a net understatement of $704,699.
  - For 6 (17%) Fiscal Year 2020 facility certifications reviewed, the total count of discrepancies per the facility certification discrepancies did not agree with the Certification of Inventory reported to CMS, resulting in a net understatement of 122 items.
  - For 4 (11%) Fiscal Year 2020 facility certifications reviewed, the amount of discrepancies per the facility certification discrepancies did not agree with the Annual Report discrepancies, resulting in a net understatement of $173,818.
  - For 2 (6%) Fiscal Year 2020 facility certifications reviewed, the net total count of capital items per facility certification discrepancies did not agree with the Certification of Inventory reported to CMS, resulting in an overstatement of 56 items.
  - For 2 (6%) Fiscal Year 2020 facility certifications reviewed, the total count of inventory items per facility certifications did not match with the Certification of Inventory reported to CMS, resulting in a net overstatement of 45 items.
  - For 1 (3%) Fiscal Year 2020 facility certifications reviewed, the amount of Fiscal Year 2020 Total Inventory per Facility Certification does not agree with the Certification of Inventory reported to CMS, resulting in an understatement of $430,597.
  - For 1 (3%) Fiscal Year 2020 facility certifications reviewed, the amount of Fiscal Year 2020 net capital items per facility certifications did not agree with the Certification of Inventory reported to CMS, resulting in an understatement of $276,344.
  - The Fiscal Year 2019 total inventory per facility certifications and the Certification of Inventory reported to CMS did not agree with the asset listing certified and reported to CMS, resulting in an understatement of $950.
  - The Fiscal Year 2019 total amount of capital items per facility certifications did not agree with the Certification of Inventory reported to CMS, resulting in a difference of $2,000,000.

The State Property Control Act (Act) (30 ILCS 605/6.02) states, "Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control..." The Act (30 ILCS 605/6.03) requires the record for each item of property shall contain such information as will in the discretion of the administrator provide for the proper identification thereof. The Act (30 ILCS 605/4) requires every responsible officer of state government to be accountable for the supervision, control, and inventory of all items under their jurisdiction.

The State Records Act (5 ILCS 160/8) requires the head of each agency to make and preserve records containing adequate and proper documentation of essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The Comptroller's Statewide Accounting Management System (SAMS) Manual (Procedure 29.10.10) provides agencies with guidance on how to maintain such records and states that detailed records are to be organized by major asset category and include the following information for each asset: (1) Cost (or other value); (2) function and activity; (3) reference to acquisition source document... (8) location... (13) date, method, and authorization of disposition... The procedure also states this list is not exhaustive, and an agency may include additional information for its own needs.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation, and that transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

Department management stated exceptions were due to staff turnover, staff limitations, competing priorities, human error, and employee oversight.

Failure to maintain adequate control over equipment and property records and inaccurate reporting of property items increases the risk of equipment theft or loss occurring without detection, and resulted in inaccurate property reporting. (Finding Code No. 2020-010)

RECOMMENDATION:

We recommend the Department strengthen its internal controls over acquisition, custody, recording, and reporting of State property.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department is updating property control administrative directives and working on putting together a property control training manual for staff.

2020-011 **<u>FINDING</u>:** (Inadequate internal audit function)

The Department of Corrections (Department) failed to adhere to provisions in the Fiscal Control and Internal Auditing Act (Act).

The Act requires each designated State agency to maintain a full-time program of internal auditing (30 ILCS 10/2001(a)). The Department of Corrections, as a Department of State government created in the Civil Administrative Code (Code) (20 ILCS 5/5-15), is a designated State agency required to maintain a full-time program of internal auditing (30 ILCS 10/1003 (a)). The Act also states "agencies which do not have full-time internal audit programs may have internal audits performed by the Department of Central Management Services" (30 ILCS 10/2001 (b)).

The Act was originally a Legislative Audit Commission initiative designed to address deficiencies noted in a May 1988 management audit of Illinois' State Programs of Internal Auditing. The audit report's conclusions and recommendations and the legislation that became the Act (House Bill 2031 of the 86th General Assembly which was signed into law as P.A. 86-936) demonstrated an understanding that agencies which are not required to have their own full-time program of internal auditing could obtain internal auditing assistance from an agency such as the Department of Central Management Services (CMS). In other words, each designated State agency must have a full-time program of internal auditing and each State agency that is not so designated is not required to have a full-time program of internal auditing but may receive internal audit services from CMS.

In 2003, by Executive Order (2003-10) the Governor transferred the internal auditors from the various State agencies and consolidated them into the Illinois Office of Internal Audit at CMS. In 2009, the General Assembly unanimously rejected this consolidation of internal audit authority in CMS and directed that the internal auditors and their functions be returned to their respective designated State agencies (P.A. 96-795, effective July 1, 2010).

On November 1, 2018, the Department entered into an agreement with CMS' Bureau of Internal Audit to provide the Department with internal auditing services.

On August 9, 2019, the Attorney General issued an opinion stating multiple State agencies may not appoint the same individual as their chief internal auditor through an intergovernmental agreement. Should designated State agencies desire to consolidate or combine their internal audit functions, they must either seek authorizing legislation from the General Assembly or follow the process for reassigning functions among or reorganizing executive agencies which are directly responsible to the Governor as established by article V, section 11, of the Illinois Constitution of 1970, and the Executive Reorganization Implementation Act.

During our testing, we noted the following:

- During the engagement period, the Department's Director did not appoint an individual to fill the Department's chief internal auditor position. This position was vacant from January 1, 2017 through July 16, 2020 (1,292 days).

  The Act (30 ILCS 10/2002(a)) requires the Director to appoint a chief internal auditor.

  Department management stated the exception noted above was due to the Department being unable to attract qualified candidates for the position of Chief Internal Auditor until July 16, 2020.

- The Department and CMS did not obtain the Governor's approval for CMS to provide professional internal auditing services to the Department.

  The Code (20 ILCS 405/405-293(a)) states CMS "may provide additional services with the approval of the Governor to or on behalf of State agencies." "Additional services" is not defined. However, the Attorney General ruled in Opinion No. 19-001 (Opinion), issued August 9, 2019, page 15, that internal audit services specifically fall within the CMS' Law's definition of "professional services," and, therefore, cannot constitute "additional services." Additionally, the Opinion, page 18, also states that multiple designated State agencies may not appoint the same individual as their chief internal auditor through the execution of an intergovernmental agreement. Therefore, even if the Department and CMS had obtained the Governor's approval for CMS to provide professional internal auditing services to the Department, the Attorney General does not believe the Department, a designated State agency, would have been in compliance with the Code for maintaining a full-time program of internal auditing.

  Department management stated Governor's approval was not obtained due to competing priorities.

- The Department was unable to provide sufficient and appropriate audit evidence related to costs of the Department's internal audit function from July 1, 2018 through the end of the examination period June 30, 2020. We requested the documentation to substantiate (1) the authorization of CMS to use the Department's appropriation for processing payroll as allowed for under the intergovernmental agreement, and (2) that CMS only charged the Department for payroll services of CMS internal auditors who provided internal audit functions to the Department. The Department was unable to provide us with the documentation requested. Specifically, we noted the following:

  - Department management indicated CMS does not bill the Department for its internal audit services and related assistance. As opposed to direct billing for services performed, CMS charges costs for various Statewide services – such as labor relations, personnel, mail and messenger, procurement, and internal audit – to the Professional Services Fund. These costs are then allocated to each State agency based upon each agency's spend during the prior fiscal year and fund transfers are performed to move the cash from the State's various funds into the Professional Services Fund. Given this process, it does not appear the Department is monitoring the current costs of its internal audit function. As a result, we were unable to audit the cost of the Department's internal audit function to ensure the Department is accurately reimbursing CMS.

- Also, the Department granted CMS authorization through its intergovernmental agreement to charge the Department's appropriations for payroll costs associated with CMS' rendering of professional internal audit services to the Department; however, as indicated by the Department in its response to our requests, it is not the Department's nor CMS' intent to process any vouchers against the Department's appropriations. As a result, we believe there is a significant internal control risk with potentially delegating a State's appropriation authority unnecessarily.

Department management stated CMS had not billed the Department for internal audit services due to billing complexities of invoicing for an individuals' services across multiple agencies and payroll systems.

The Act (30 ILCS 10/3001)) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; and (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Failure to establish a full-time internal audit program in accordance with the requirements of the Act – where the chief internal auditor develops a deep understanding of the Department's functions and processes, oversees, and performs audits of the Department's major systems of internal accounting and administrative controls on a periodic basis, and oversees and reviews major new and modifications to information systems prior to implementation – weakens the Department's ability to assess its overall internal control environment and represents noncompliance with State law. Further, the establishment of the Department's internal audit function by interagency agreement hinders the operational autonomy intended by the General Assembly for internal auditors. Department management cannot terminate an appointed chief internal auditor prior to the conclusion of their term without cause and a hearing before the Executive Ethics Commission, but management can terminate the interagency agreement with CMS at any time for any reason. Failure to obtain the approval of the Governor for expanding the professional services provided to the Department by CMS limits governmental oversight and represents noncompliance with the Code. Failure to adequately track internal audit costs and be able to provide the auditors with adequate cost support related to the Department's internal audit function results in the auditors being unable to determine the Department's compliance with the Act. Finally, granting CMS authorization to expend the Department's payroll appropriations weakens the Department's overall internal control environment and represents noncompliance with State law. (Finding Code No. 2020-011, 2018-008, 2016-006, 2014-006, 12-17)

RECOMMENDATION:

We recommend:

- The Department ensure a full-time internal audit program is in place and headed by a chief internal auditor appointed by the Director in accordance with the Act.
- If another agency is to be relied upon to supplement internal audit functions at the Department, the Department should obtain written approval of the Governor for these services and ensure such services are provided in accordance with the Act's requirements.
- The Department implement policies and procedures to track internal audit costs, maintain documentation which adequately documents the costs of the Department's internal audit function, and ensure other agencies providing services to the Department are only reimbursed for allowable costs.
- The Department should not grant another agency authority to charge the Department's appropriations for payroll costs unnecessarily or without implementing and documenting proper controls over charges.

DEPARTMENT RESPONSE:

Recommendation accepted. The Director of the Department appointed a Chief Internal Auditor, who began fulfilling the duties of this role on July 16, 2020. The Chief Internal Auditor has over 14 years of auditing experience with 11 of those years auditing governmental entities and 13 years of supervisory and managerial experience. The Chief Internal Auditor also possesses both a Certified Internal Auditor Certificate and a Certified Public Accountant's Certificate and License.

In the absence of the Chief Internal Auditor, the Department of Central Management Services (CMS) through an intergovernmental agreement provided 2-4 auditors to the Department. During FY 2019, the CMS staff along with one internal auditor employed by the Department, completed 3 internal audits with 4 carried over to the next year. During Fiscal Year 2020, the staff completed a total of 15 audits with 2 carried over to the next year.

In addition to the Chief Internal Auditor, there are currently two staff members employed by the Department within the Office of Internal Audit. One staff member is a Public Service Administrator Option 2, who serves as the in-charge auditor supervising staff on engagements and as the external audit liaison. This individual has 6 years of governmental internal audit experience and 4 years of supervisory experience. Another staff member is an Internal Auditor 1 with 7 years of governmental internal audit experience.

In addition, the Department has extended a conditional offer of employment to one additional staff member, who has accepted the offer. Within the next few months, the Department plans to hire two more staff members. Once the Office of Internal Audit has enough staffing, the Department plans to eliminate the intergovernmental agreement with the CMS. At that time, this entire finding will be addressed.

2020-012 **<u>FINDING</u>:** (Untimely and inaccurate reporting of census data events)

The Department of Corrections (Department) lacked an adequate internal control structure over the reporting of census data events to the Department of Central Management Services (CMS).

During our financial audit, we tested the Department's census data inputs used by CMS' actuary to calculate the other postemployment benefits (OPEB) liability, expense, and associated deferred inflows and deferred outflows of resources for both the State and the Department. During testing, we noted numerous errors which indicate a lack of internal control by the Department over the timely and accurate reporting of group insurance transactions which, among other things, are compiled by CMS into the census data file used by CMS' actuary. Some of the transactions we tested were so untimely that events which occurred in one fiscal year were not reported until the next fiscal year and one issue was noted where an uncertainty existed about when an event actually happened, each of which were deemed to potentially impact the Department's financial statements (see Finding 2020-005 for background about census data and the problems noted and addressed within the financial audit). The remaining transactions, while not deemed to have directly impacted the current actuarial valuation, did result in late reporting to CMS and collectively represent a material weakness in the Department's internal control structure which hindered CMS' ability to manage and oversee the group insurance program and, but for the timing when a transaction was ultimately reported to CMS, could have significantly impacted the actuarial valuation.

During testing, we noted the following problems:

1) Fifty-three of 120 (44%) employees tested had 69 events occur impacting CMS' census data records where we noted it took between 15 and 152 days from the occurrence of the event to when this information was entered into CMS' records. Six of these noted incidents were also reported in Finding 2020-005.

2) One of 120 (1%) employees tested had a discrepancy between the change date recorded within CMS' records and the Department's records. We noted the reported date within CMS' census data records was 202 days after the event purportedly occurred according to the Department's records. This exception was also reported in Finding 2020-005.

3) Five of 120 (4%) employees tested had transactions reported to CMS where the Department's underlying records lacked support for when Department personnel actually reported the transaction to CMS.

The State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department management indicated delays in reporting and data input occurred due to submission of manual forms and a need for additional supporting documents and approval. Department management also indicated the missing information on when personnel changes were reported to CMS was due to employees' failure to document the date of transmittal to CMS.

Failure to timely report complete and accurate census data to CMS hinders CMS' ability to manage and oversee the group insurance program and may result in CMS' actuary relying on incomplete or inaccurate census data in the calculation of the Department's pension and OPEB balances, which could result in a misstatement of these amounts. (Finding Code No. 2020-012)

RECOMMENDATION:

We recommend the Department implement controls to ensure reportable events are timely and accurately transmitted to CMS and records are properly completed and maintained to support transactions reported.

DEPARTMENT RESPONSE:

Recommendation accepted. Although there is no law, regulation, rule or internal policy requiring changes to be entered into the Central Management Services (CMS) system on a timely basis, the Department's Central Office strives to enter these changes within a few days of receiving the required paperwork and approvals from the employees. CMS policy allows employees to submit paperwork for an approved leave of absence or other changes for an indefinite amount of time on or after the date the event occurs. Therefore, the timeliness of entering some changes into the CMS system is entirely out of the Department's control.

ACCOUNTANT'S COMMENT:

Department officials contradict themselves by accepting our recommendation that they should implement controls to ensure reportable events, including leaves of absences, are reported timely to CMS, while simultaneously rejecting this recommendation by stating an unspecified CMS policy – which had not previously been disclosed to us during this examination – allows employees an indefinite amount of time to submit the paperwork for reporting leaves of absences or other changes. We continue to believe the Department should implement controls to ensure all reportable events are timely and accurately transmitted to CMS.

2020-013 **FINDING:** (Failure to comply with Administrative Directives regarding submission and maintenance of required reports and educational records)

The Department of Corrections (Department) did not maintain documentation to support the timeliness of submission of required reports and comply with Administrative Directives regarding maintenance of all educational records.

During testing at correctional centers, auditors noted the following:

- Two of 12 (17%) offenders selected from the population of vocational students provided by Lincoln Correctional Center were not students in the Career Tech program and were not invited nor attended any of the classes. As a result, we were unable to conclude whether the Center's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35). Nonetheless, we selected a sample of files and noted the following instances of noncompliance:

- Eight of 48 (17%) educational files tested for vocational students did not contain adequate documentation of the Vocational Program Waiver of Liability and Hold Harmless Agreement (Form DOC 0359) at Dixon, Lawrence, Lincoln, and Pinckneyville Correctional Centers.

- Nine of 36 (25%) offenders files selected for testing did not contain adequate documentation of the Educational Release of Information (DOC 0362) form at Lawrence, Lincoln, and Pinckneyville Correctional Centers. Additionally, 2 of the 12 (17%) offenders selected for testing at Pinckneyville Correctional Center did not fully complete the Educational Release of Information (Form DOC 0362) form.

- Lawrence Correctional Center was unable to provide support for when the Fiscal Year 2018 or the Fiscal Year 2019 annual evaluation of programs due each October 1st were submitted by the Educational Facility Administrator (EFA) in the Center to the Administrator and Chief of Program and Support Services.

The Department's Administrative Directive (A.D.) (04.10.118), established pursuant to the Unified Code of Corrections (730 ILCS 5/3-6-2), requires the Center to establish an educational file for all offenders subject to educational testing and all students. Each educational file for vocational students must include a Form DOC 0359 and each educational file for all students must include a Form DOC 0362. A.D. (04.10.101) requires an annual evaluation of programs be prepared and submitted to the Administrator and Chief of Programs and Support Services by October 1st of each year by the EFA.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Center's activities.

This finding was first noted during the examination of the two years ended June 30, 2016. The Department has not implemented adequate corrective actions, as exceptions continue to persist regarding the maintenance of educational records and submission of required reports.

Department management indicated these issues were caused by human error, oversight, staff shortages, employee turnover, lack of training, and differing interpretations of when educational files could be purged.

Failure to comply with the requirements of maintenance of educational records reduces the information available to make individual and programmatic recommendations and decisions, and may expose the Center to liability. (Finding Code No. 2020-013, 2018-023, 2016-019)

RECOMMENDATION:

We recommend the Department strengthen internal controls to maintain documentation of educational records as required by statute and A.D. and comply with the requirements to timely submit reports.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will reiterate to the Office of Adult Education and Vocational Services staff in each facility the importance of maintaining the appropriate education files and submitting all required reports in accordance with the guiding Administrative Directive.

2020-014 **<u>FINDING</u>:** (Noncompliance with Evidence-Based Programming Requirements of the Illinois Crime Reduction Act of 2009)

The Department of Corrections (Department) did not implement evidence-based programming or comply with related provisions of the Illinois Crime Reduction Act of 2009 (Act) during the examination period.

During the testing of statutory mandates, we noted the following:

- The Department did not adopt policies, rules, and regulations regarding the adoption, validation, and utilization of a statewide standardized risk assessment tool for supervised and incarcerated individuals during the engagement period. The Department ended its existing development of the Risk, Assets, & Needs Tool Assessment during Fiscal Year 2019, and began the process to implement the Ohio Risk Assessment System in Fiscal Year 2020, but had not implemented the system as of June 30, 2020. As of June 30, 2020, 23,140 paroled individuals were subject to supervision by the Department.

- The Department, in conjunction with the Prisoner Review Board (Board), had not provided all of its Parole Division employees with intensive and ongoing training and professional development services to support the implementation of evidence-based practices on all required topics during the examination period.

- The Department, in conjunction with the Board, did not design, implement, or make public a system to evaluate the effectiveness of evidence-based practices.

- The Department did not annually submit to the Sentencing Policy Advisory Council a comprehensive report on the success of implementing evidence-based practices.

This finding was first noted during the examination for the two years ended June 30, 2016. In subsequent years, the Department has been unsuccessful in implementing a corrective action plan to address all evidence-based program statutory requirements during the examination period.

The Act (730 ILCS 190/10(a) through (190)/10(c)) states that the Parole Division of the Department and the Board shall adopt policies, rules, and regulations that result in at least 25%, 50%, and 75% of supervised individuals being supervised in accordance with evidence-based practices and incarcerated individuals receiving services and programming in accordance with evidence-based practices within the first year, 3 years, and 5 years, respectively, of the adoption, validation, and utilization of the statewide standardized risk assessment tool. The Act (730 ILCS 190/10(d)) states the Parole Division of the Department and the Board "shall provide their employees with intensive and ongoing training and professional development services to support the implementation of evidence-based practices."

The Act (730 ILCS 190/10(e)) states the Department and the Board shall design, implement, and make public a system to evaluate the effectiveness of evidence-based practices in increasing public safety and in successful reintegration of those under supervision into the locality. Further, each agency shall submit to the Sentencing Policy Advisory Council an annual comprehensive report on the success of implementing evidence-based practices.

Public Act 96-761, which originally required the adoption of these policies, rules and regulations, was effective January 1, 2010.

Department management stated the exceptions were due to the decision in November 2019 to transition to a new risk assessment system and time required for negotiation of contract terms with an outside vendor during the examination period.

Failure to develop and maintain an evidence-based programming system, complete staff training, and a system for evaluating effectiveness thereof results in the inability to monitor and potentially improve recidivism and local reintegration of released offenders in the manner envisioned by the Act. In addition, continued failure to perform mandated duties, including annual reporting on evidence-based practices, demonstrates a lack of accountability. (Finding Code No. 2020-014, 2018-014, 2016-014)

RECOMMENDATION:

We recommend the Department fully implement an evidence-based programming system, including policies, procedures, and regulations for risk assessment; employee training; a system to evaluate effectiveness; and annual reporting, to fulfill its mandated duties.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department has fully implemented the Ohio Risk Assessment System (System) to provide evidence-based programming to the individuals in Department's custody as well as those on parole. This system indicates the risk to recidivate and the programmatic needs to address this risk. All staff within the Department who are required to use the system have been trained and training continues as new staff are hired. The COVID-19 restrictions during 2020 hindered the completion of the training since a portion of the assessment (face to face interviewing) could only be conducted in person.

2020-015 FINDING: (Failure to document compliance with statutory medical consent waivers)

The Department of Corrections (Department) did not comply with requirements for statutory medical consent waivers.

Since 2016, we have reported the Department had not ensured completion of all required Offender Medical Emergency Consent Waiver forms (DOC 0095) for medical emergencies in which an offender was incapable of giving consent for medical treatment or medication. During Fiscal Years 2019 and 2020, we continued to identify internal control weaknesses and noted sufficient corrective action had not been taken to ensure identification of all instances requiring DOC 0095 forms and completion of such waivers. During testing of waiver compliance by five correctional centers, auditors noted the following:

- Big Muddy River and Centralia Correctional Centers did not maintain sufficient internal controls to ensure the completion of waiver forms for medical emergencies in which an offender was incapable of giving consent for medical treatment or medication. Auditors noted personnel lacked a sufficient understanding of instances in which a DOC 0095 would be required. Further, due to the absence of a listing or other such records to identify instances of medical emergencies requiring a DOC 0095, auditors were unable to determine the completeness, accuracy, and reliability of the Centers' population of identified instances requiring completion of a DOC 0095 form under Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C 205.35). Consequently, the auditors were unable to obtain assurance whether required DOC 0095 forms were properly prepared and maintained on file as required to substantiate the consent from the Center's Chief Administrative Office or Duty Administrative Officer.

- Despite the population limitations noted above which hindered the ability to conclude whether a sample selected could be representative of the population, the auditors performed testing where possible. Auditors of Centralia Correctional Center performed tests on all five of the medical emergencies recalled by Center staff for the audit period. For four of five (80%) instances of medical emergencies, the Center did not complete and maintain a DOC 0095 in the offender's medical file. In the fifth instance, Centralia determined that completion and filing of the DOC 0095 was not necessary due to a Do Not Resuscitate order.

The Unified Code of Corrections (Code) (730 ILCS 5/3-6-2(e)) requires a committed person "who becomes in need of medical or surgical treatment but is incapable of giving consent thereto shall receive such medical or surgical treatment by the chief administrative officer consenting on the person's behalf." Before the Chief Administrative Officer (CAO) consents, he or she shall obtain the advice of one or more physicians. If such physician or physicians advise that immediate medical or surgical treatment is required relative to a condition threatening to cause death, damage, or impairment to bodily functions, or disfigurement, and that the person is not capable of giving consent to such treatment, then the CAO may give consent for such medical or surgical treatment, and such consent shall be deemed to be the consent of the person for all purposes, including, but not limited to, the authority of a physician to give such treatment.

The Department's Administrative Directive (04.03.103) states when an offender is incapable of giving consent, medical treatment may be given against an offender's will were approved by the CAO or Duty Administrative Officer (DAO) when, in the opinion of an Illinois licensed physician, immediate treatment is required. The physician's opinion and recommendation of the CAO's or DAO's approval shall promptly be documented on a DOC 0095 and placed in the offender's medical records.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Center's activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states it is the policy of the State that agencies are responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

Centralia Correctional Center management indicated these issues were caused by oversight and differing interpretations of the statute's applicability. Big Muddy River personnel indicated the Center followed guidance in the Health Care Surrogate Act rather than the Code and contacted a family member to provide consent whenever possible; as a result, use of the form DOC 0095 was infrequent.

Failure to comply with the requirements of medical consent waivers may result in a violation of inmates' rights, a failure to perform mandated duties, and legal risk to the State and noncompliance with the Code. (Finding Code No. 2020-015, 2018-015, 2016-017)

RECOMMENDATION:

We recommend the Department clarify statutory requirements to staff and implement internal controls to ensure compliance with the requirements of the Code for medical consent waivers or seek legislative remedy.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will provide clarification to facility staff on the situations when a medical consent waiver is required to ensure compliance with the requirements of the Unified Code of Corrections.

2020-016 **<u>FINDING</u>:** (Noncompliance with the required transfers of profits from DOC Commissary Funds)

The Department of Corrections (Department) did not comply with the required transfers of profits from DOC Commissary Funds (Commissary Funds) to the DOC Resident's and Employee's Benefit Fund (Inmate Benefit Fund and Employee Benefit Fund).

Amounts due to other Departmental funds from the DOC Commissary Funds totaled $11.6 million as of June 30, 2020. The amount due to other Department funds within the Commissary Funds totaled $14.1 million, $9.7 million, and $7.8 million in Fiscal Years 2018, 2016 and 2014, respectively. As a result, the Department did not comply with the requirement to expend forty percent of Inmate and Employee Commissary profits for the special benefit of committed persons and employees and the advancement or reimbursement of employee travel, respectively.

This finding was first reported for the Fiscal Year 2015-2016 examination period. The Department did not take sufficient measures to comply with the statute, to modify their Administrative Directives (A.D.) to meet the requirement, to eliminate the liability to the benefit funds, or to seek legislative remedy.

The Unified Code of Corrections (Code) (730 ILCS 5/3-4-3(c)) states "Forty percent of the profits on sales from commissary stores shall be expended by the Department for the special benefit of committed persons which shall include but not be limited to the advancement of inmate payrolls, for the special benefit of employees, and for the advancement or reimbursement of employee travel, provided that amounts expended for employees shall not exceed the amounts of profits derived from sales made to employees by such commissaries, as determined by the Department. The remainder of the profits from sales from commissary stores must be used first to pay for wages and benefits of employees covered under a collective bargaining agreement who are employed at commissary facilities of the Department and then to pay the costs of dietary staff."

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

A.D. (02.44.110) also states "Once per month, the Business Administrator shall determine the excess cash available in the Inmate Commissary Fund and Employee Commissary Fund, if applicable, and authorize payment to the appropriate benefit fund. Sufficient funds shall be retained in the commissary fund to maintain operation of the commissary."

Department management indicated the A.D. limits transfers of profits to the benefit funds to ensure sufficient cash flow for commissary operations, but does not ensure compliance with the Code's requirement for 40% of commissary profits to be paid to the benefit fund.

Not transferring the required amount of profits to the Inmate and Employee Benefit Funds results in a significant accumulation of amounts owed by the Commissary Funds and the failure to meet the intent of the mandate. (Finding Code No. 2020-016, 2018-009, 2016-034)

RECOMMENDATION:

We recommend the Department review and update its policies and procedures as needed to ensure a consistent and accurate transfer of commissary profits occurs and maintain sufficient supporting documentation for measures taken. We also recommend the Department develop and implement a plan of action to decrease the liability with the Commissary Funds. Further, if the Department determines the current statutory language is not sufficient to accommodate operations of the Commissary Funds, it should seek legislative changes.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department made a concerted effort to pay down the liability as evidenced by the fact that it decreased by $2.5 million (18%) during the period from 2018 to 2020. The Department will continue to try to pay down on the liability. The Department is in the process of revising Administrative Directive 02.44.110 and internal form DOC 0075 to help ensure compliance with 730 ILCS 5/3-4-3c.

2020-017 **<u>FINDING</u>:** (Noncompliance with the Murderer and Violent Offender Against Youth Registration Act)

The Department of Corrections (Department) did not properly document compliance with the notification requirements of the Murderer and Violent Offender Against Youth Registration Act (Act).

The auditors tested 60 notification forms at five correctional centers and noted the following:

- At Pinckneyville Correctional Center, notification forms for 4 (7%) applicable offenders tested were incomplete or contained the incorrect registration date. Furthermore, the Center was unable to provide documentation of the required notification form for 1 (2%) offender selected for testing.

- One (2%) offender selected for testing at Dixon Correctional Center was incorrectly classified in the Offender 360 system as to their status as a Violence against Youth Offender.

This finding was first reported for 2016. The Department has not taken sufficient measures to implement all appropriate and reasonable corrective actions, as exceptions continue to persist on noncompliance with the Act.

The Act (730 ILCS 154/15) requires that any violent offender against youth who is discharged, paroled, or released from a Department of Corrections Facility or other applicable institution, prior to discharge, parole or release shall be informed of his or her duty to register in person within five days of release. The Act states the facility shall require the person to read and sign the required form stating that the duty to register and the procedure for registration has been explained and is understood. The Act requires the Center to give one copy of the form to the inmate, each law enforcement agency with jurisdiction and retain one copy for files.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Center's activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states it is the policy of the State that agencies are responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

Department management indicated these issues were caused by oversight.

Failure to properly complete and maintain notification forms and to accurately track offenders required to register increases the risk that released offenders may not register as violent offenders against youth and that community schools, childcare facilities, and libraries will not be notified. (Finding Code No. 2020-017, 2018-016, 2016-020)

RECOMMENDATION:

We recommend the Department comply with the requirements of the Act. Specifically, the Department should ensure timely notification, proper completion, and maintenance of the Murderer and Violent Offender Against Youth Registration Notification Form and review records in Offender 360 to ensure accuracy.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure that compliance with 730 ILCS 154/15 is achieved. The Department will remind field services staff of the importance of notifying the applicable individuals in custody during the release process of their requirement to register as a Murderer and Violent Offender Against Youth in person within five days of release as well as maintaining the notification forms as documentation. The Department will work to ensure individuals in custody are properly classified in the Offender 360 program.

2020-018 **<u>FINDING</u>:** (Failure to properly transfer unclaimed inmate cash account balances)

The Department of Corrections (Department) improperly offset DOC Resident's Trust Fund (Inmate Trust Fund) accounts with positive cash balances against accounts with negative cash balances prior to the transfer of unclaimed balances to the General Revenue Fund (GRF). In addition, the Department did not transfer all unclaimed dormant accounts to the GRF, nor did it transfer all inmates' account balances to the Centers to which inmates were transferred.

During testing of inmate balance transfers at five correctional centers, auditors noted exceptions at 60% of facilities tested:

- Lawrence and Menard Correctional Centers transferred $1,010 in total Inmate Trust Fund dormant accounts that should have totaled $2,803. The differences were due to offsetting or netting the total amount required to be transferred from unclaimed dormant accounts with positive cash balances against other inmates' accounts which had negative balances.

- At Lawrence Correctional Center, an Inmate Trust Fund dormant negative account balance of $466 was not transferred to the inmate's current facility.

- Lincoln Correctional Center was unable to provide an accurate listing of dormant Inmate Trust Fund accounts for the examination period. Due to this condition, the auditors were unable to conclude whether the Center's population records were sufficiently precise and complete under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C 205.35) to test the Center's dormant account balances. The Center indicated that it did not perform any Inmate Trust Fund dormant account transfers during the examination period.

Noncompliance with inmate balance transfer requirements has been reported since the 2010 examination. The Department has not taken sufficient, substantial corrective actions to address the underlying causes of their noncompliance.

The Unified Code of Corrections (Code) (730 ILCS 5/3-4-3(a)) requires the Center to establish accounting records with individual accounts for each inmate. In addition, the Code (730 ILCS 5/3-4-3(b)) requires any money held in accounts of a committed person upon release from the Department by death, discharge, or unauthorized absence and unclaimed for a period of one year thereafter by the person or his legal representative be transmitted to the State Treasurer who shall deposit it into the GRF.

The Department's Administrative Directive (02.42.106) requires, upon determination of dormant accounts, the Business Administrator to prepare a list, which includes the account numbers, inmate's names, identification numbers, account balances, and a memorandum requesting permission to transfer the balances to the GRF. Furthermore, the Directive states when an inmate is transferred to another facility, the inmate's trust fund account balance shall also be transferred.

The State Records Act (5 ILCS 160/8) requires the Center to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Center's activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are used efficiently, effectively and in compliance with applicable law, and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Management indicated negative dormant accounts were netted against positive dormant accounts due to approval from the Department's Central Office. Management stated Lincoln's failure to provide an accurate listing and to perform required balance transfers for dormant inmate accounts was due to staff shortages and lack of training.

Offsetting negative account balances against other accounts in the Inmate Trust Fund effectively requires other inmates' accounts to temporarily bear the costs of those deficits in violation of the Department's fiduciary responsibility and the Code. Failure to ensure dormant cash balances are transferred to receiving centers results in unavailability of funds to intended recipients in violation of State law. Failure to maintain adequate documentation identifying dormant Inmate Trust Fund accounts hinders the Center's ability to ensure compliance with the Code and with the Department's Administrative Directive. (Finding Code No. 2020-018, 2018-018, 2016-033, 2014-33, 12-11, 10-11)

RECOMMENDATION:

We recommend the Department transfer dormant accounts to the GRF timely and properly without offsetting or netting Inmate Trust Fund accounts with positive cash balances against accounts with negative cash balances. We further recommend the Department transfer inmate's account balances to the receiving centers. We also recommend the Department ensure all Centers have sufficient internal controls in place to identify, monitor and when required, transfer dormant account balances.

DEPARTMENT RESPONSE:

Recommendation accepted. Department management will provide oversight and training as needed to the facilities and consistently review the Inmate Trial Balance and List Dormant Inmate Funds reports in an effort to ensure proper remittance of dormant accounts to the General Revenue Fund and transfer of individual trust fund accounts to other facilities to ensure compliance with the Code.

2020-019 **FINDING:** (Inadequate controls over computer inventory)

The Department of Corrections (Department) was not able to locate 234 computer inventory items during its annual physical inventories for Fiscal Years 2019 and 2020, including computers which may have contained confidential information.

The Department conducted an annual physical inventory of all equipment with an acquisition cost of $500 or more and annually reported its results to the Department of Central Management Services. Per review of the Annual Reports of Physical Inventory Discrepancies, we noted 92 computer inventory items not located in Fiscal Year 2019, totaling $79,726, and 142 computer inventory items not located in Fiscal Year 2020, totaling $118,772. The missing computer equipment ranged from 1 to 32 years old.

Although the Department had established procedures regarding the proper storage of electronic data, there is a possibility that confidential or personal information could reside on missing computers. The Department had not protected all its laptop computers with encryption software, thus increasing the risk that confidential or personal information would be exposed. Therefore, the auditors could not determine if the computers had confidential information exposed.

This finding was first noted during the examination of the two years ended June 30, 2012. During Fiscal Years 2019 and 2020, the Department did significantly reduce the amount of missing computer equipment from the prior examination period.

The State Property Control Act (30 ILCS 605/4 and 6.02) requires the Department to be accountable for the supervision, control, and inventory of all items under its jurisdiction and control. In addition, the Department has the responsibility to ensure that confidential information is protected from disclosure and provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

Department management stated the exceptions were due to staff oversight and lack of resources.

Failure to maintain adequate controls over computer equipment and follow up on missing computer inventory items may result in lost or stolen State property and increases the risk of potential exposure of confidential information. (Finding Code No. 2020-019, 2018-019, 2016-039, 2014-028, 12-25)

RECOMMENDATION:

We recommend the Department:

- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.
- Perform and document an evaluation of data maintained on computers and ensure those containing confidential information are adequately tracked and protected with methods such as encryption.

Further, we recommend the Department immediately assess if missing computers contained confidential information and take the necessary actions per the Department's policies and the Personal Information Protection Act notification requirements.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department is working internally and with the Department of Innovation and Technology to improve its accountability and controls over computer inventory. To achieve these outcomes the Department is engaging in enhanced monitoring of equipment via Electronic tracking, documentation and adherence to established procedures regarding proper storage of electronic data.

2020-020 **FINDING:** (Failure to submit Annual Reports to the Governor)

The Department of Corrections (Department) did not submit or was unable to provide supporting documentation of submission of the annual reports to the Governor for Fiscal Years 2018 and 2019.

At the time of our testing after the end of the examination period, the Department had failed to file and maintain documentation for the submission of their annual reports to the Governor for Fiscal Years 2018 and 2019. Therefore, we were unable to test the timeliness of submission during the examination period. The Fiscal Year 2018 report was due on December 31, 2018, as the General Assembly convened on January 9, 2019. The Fiscal Year 2019 report was due on January 19, 2020, as the General Assembly convened on January 28, 2020. As of June 30, 2020, the reports were 547 and 154 days overdue, respectively.

The State Finance Act (30 ILCS 105/3a) requires each officer of the Executive Department and all public institutions of the State to, at least ten days preceding each regular session of the General Assembly, make and deliver to the Governor an annual report of their acts and doings, respectively, arranged so as to show the acts and doings of each for the fiscal year ending in the calendar year immediately preceding the calendar year in which that regular session of the General Assembly convenes.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states it is the policy of this State that the chief executive officer of every State agency is responsible for establishing and maintaining an effective system of internal controls.

Department management stated their annual reports had been filed, but staff did not maintain proof of submission when their annual reports were mailed to the Governor's Office.

Failure to timely submit annual reports to the Governor reduces the effectiveness of governmental oversight and may hinder the Office of the Governor's ability to monitor Departmental operations. (Finding Code No. 2020-020)

RECOMMENDATION:

We recommend the Department strengthen its internal controls to ensure filing and proof of timely submission of their annual reports to the Governor is maintained.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department was timely in mailing the annual reports for the years in question to the Governor's Office via regular United States Postal Service.

This method does not afford a proof of filing. Therefore, the Department has implemented filing the annual report with the Governor's Office via certified mail with return receipt. The Department will retain the receipt as proof of timely filing.

2020-021 **<u>FINDING</u>:** (Inadequate controls over the submission of required employment reports)

The Department of Corrections (Department) did not maintain adequate controls over the submission of required employment reports.

During our testing of the State Hispanic, Asian American, and African American Employment Plans for both Fiscal Years 2019 and 2020, and the Native American Employment Plan for Fiscal Year 2020, we noted the following exceptions:

- Sixteen of 81 (20%) total survey questions tested in the Fiscal Year 2019 Plans reported 52 less total staff as compared to supporting documentation.

- Twenty-one of 108 (19%) total survey questions tested in the Fiscal Year 2020 Plans reported 570 more total staff as compared to supporting documentation.

The Department of Central Management Services Law (Law) (20 ILCS 405/405-125) and the African American Employment Plan Act (20 ILCS 30/20) require each State agency to implement strategies and programs in accordance with the Plans to increase the number of Hispanics, Asian Americans, African Americans, and Native Americans employed by the State, and the number of bilingual persons employed by the State at supervisory, technical, professional, and managerial levels. Each State agency shall report annually to the Department of Central Management Services (DCMS) and the Department of Human Rights in a format prescribed by DCMS, all of the agency's activities in implementing the Plans.

During our testing of the Agency Workforce Reports, we noted:

- The Fiscal Year 2018 Agency Workforce Report due in Fiscal Year 2019 was submitted 13 and 20 days late to the Office of the Secretary of State and the Office of the Governor, respectively.

- The Department reported information on the Fiscal Year 2018 Agency Workforce Report which did not agree to supporting documentation. Discrepancies were noted in the data presented for 10 employee categories.

The State Employment Records Act (Act) (5 ILCS 410/20) requires each State agency to collect, classify, maintain, and report information of the number of State employees. All information required by the Act must be submitted to the Secretary of State and the Governor by January 1 of each year.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide for the preparation of reliable financial and statistical reports.

Department management stated the exceptions were due to miscalculations and human error when inputting data. In addition, management stated there were data compilation errors in the system generated reports used for completion of employment plans.

Failure to file accurate reports prevents fulfillment of the purposes of the laws, which are to provide information to help guide efforts to achieve a more diversified work force. (Finding Code No. 2020-021, 2018-021)

RECOMMENDATION:

We recommend the Department strengthen internal controls to ensure timely and accurate submission of required reports.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to devote the time and resources needed to file accurate employment reports.

2020-022 **FINDING:** (Failure to update administrative directives)

The Department of Corrections (Department) has not completely updated its Administrative Directives (A.D.s) to reflect the operational changes that have occurred in previous years.

During our testing, we noted the Department had not updated all its A.D.s when changes occurred in its operation, including the following examples:

- A.D. 02.42.106 regarding the transfer or closing of accounts had not been updated to reflect the use of the most updated form for the request of payment.
- Some of the Department's A.D.s related to inventory were not properly updated to reflect the change in inventory systems.
- The Department's A.D.s related to fixed assets were not updated to show the change in the inventory system.

The A.D.s had effective dates ranging from February of 1984 to March of 2020. The Department revised a total of 198 A.D.s (44 and 154 A.D.s during Fiscal Years 2019 and 2020, respectively) and reviewed 276 A.D.s (44 and 232 A.D.s during Fiscal Years 2019 and 2020, respectively). Based on the total number of A.D.s, 305 of 503 (61%) A.D.s had not been reviewed within Fiscal Year 2019 or Fiscal Year 2020.

This finding was first noted during the examination of the two years ended June 30, 2008. During Fiscal Years 2019 and 2020, Department management took steps to implement corrective action, but exceptions still persist in updating administrative directives.

A.D. (01.01.101) states the Policy and Directives Unit shall coordinate the review, approval and dissemination of all A.D.s and shall establish a quarterly review process to ensure each Administrative Directive is reviewed annually. Revisions to A.D. shall only be initiated during the scheduled annual review period. Valid, urgent situations that warrant revision of an A.D. outside the scheduled period shall require approval of the Manager of Policy and Directives.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that property and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Department management stated the exceptions were due to competing priorities, staff shortages, and the introduction, training, and familiarization with a new review and revision process for A.D.s.

Failure to update the A.D.s when significant changes occur in the Department poses the potential for the breakdown in the standardization of procedures throughout the Department, which is the intent of the A.D.s. (Finding Code No. 2020-022, 2018-022, 2016-016, 2014-027, 12-32, 10-33, 08-44)

RECOMMENDATION:

We recommend the Department allocate sufficient staff and continue its efforts to review and update its A.D.s to ensure they represent the most current, standardized practices of the Department.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will continue to review and update the Administrative Directives to ensure they reflect the current policies and procedures of the Department.

2020-023 **FINDING:** (Failure to provide conditions of parole or mandatory supervised release)

The Department of Corrections (Department) failed to adequately provide parolees with a copy of the conditions of parole or mandatory supervised release.

We tested 60 parolees and noted for 28 (47%) parolees tested, the Department was missing a copy of the conditions of parole or mandatory supervised release. Therefore, we were unable to test whether the parolee received a copy of the conditions of parole or mandatory supervised release.

The Unified Code of Corrections (730 ILCS 5/3-14-2(c)) states "A copy of the conditions of his parole or release shall be signed by the parolee or releasee and given to him and his supervising officer who shall report on his progress under the rules and regulations of the Prisoner Review Board."

The State Records Act (5 ILCS 160/8) requires each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

Department management indicated the exceptions were due to a failure to retain documents and employee oversight.

Failure to create and maintain documentation that parolees were provided with a copy of the conditions of parole or mandatory supervised release may result in a misunderstanding of parole terms and/or an increase in legal liability for the Department. (Finding Code No. 2020-023)

RECOMMENDATION:

We recommend the Department implement and enforce internal controls to ensure parolees receive a copy of the conditions of parole or mandatory supervised release and maintain adequate supporting documentation thereof.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure parolees receive a copy of the conditions of parole or mandatory supervised release they are required to follow. The Department would like to mention the normal practice followed is to review these conditions with the parolee either during the release process or the first visit with their parole officer.

2020-024 **<u>FINDING</u>:** (Failure to provide offender resident information to appropriate parties)

The Department of Corrections (Department) failed to appropriately notify the appropriate parties of parolee residency.

During Fiscal Years 2019 and 2020, five offenders became residents of Department of Human Services (DHS) facilities. We tested notification requirements for all five offenders and noted the following:

- All 5 (100%) offender files tested were missing support of the submitting name and contact information for the assigned parole agent and parole supervisor to the DHS facility.
- Four of 5 (80%) offender files tested were missing support the Prisoner Review Board was notified within 3 days of offenders becoming residents of a DHS facility.
- Four of 5 (80%) offender files tested were missing support of the chief of police and sheriff being notified within 3 days of the offenders becoming residents of a DHS facility.
- For one of 5 (20%) offenders tested, the Department provided information to the DHS facility more than three days after the offender became a resident. The facility was informed 142 days late.

The Unified Code of Corrections (Code) (730 ILCS 5/3-14-1(c-5)) states if a person on parole or mandatory supervised release becomes a resident of a facility licensed or regulated by the Department of Public Health, Department of Healthcare and Family Services (formerly Department of Public Aid), or DHS, the Department shall provide the name and contact information for the assigned parole agent and parole supervisor to the appropriate licensing or regulating Department and the licensed or regulated facility where the person becomes a resident within 3 days. The Code (730 ILCS 5/3-14-1(c-10)) also requires the Department provide written notification of such residence to the Prisoner Review Board and the chief of police and sheriff in the municipality and county in which the licensed facility is located within 3 days of the person becoming a resident of the facility.

The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

Department management stated the exceptions were due to competing priorities and employee oversight.

Failure to provide residency information to the appropriate parties reduces the effectiveness of governmental oversight and the ability of the residential facility and local law enforcement to monitor the offender's compliance with conditions of release. (Finding Code No. 2020-024)

RECOMMENDATION:

We recommend the Department timely notify the appropriate parties of parolee residency.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure the appropriate parties are notified on a timely basis of the residency status of parolees admitted to a Department of Human Services' facility.

2020-025 **FINDING:** (Failure to adopt a food donation policy)

The Department of Corrections (Department) failed to adopt a leftover food donation policy.

The Department had not adopted a leftover food donation policy addressing daily food operations run by the Department, including one-time events, as well as a listing of nearby soup kitchens, food pantries, and other organizations where leftover food can be donated. The Department spent $86,680,617 for purchases of food supplies during Fiscal Years 2019 and 2020.

The Illinois Procurement Code (Code) (30 ILCS 500/55-20) required each State agency entering into or maintaining a contract for the purchase of food to adopt a policy that permits the donation of leftover food procured by State funds. This policy shall address any daily food operations run by the agency, including one-time events, and shall contain a list of nearby soup kitchens, food pantries, and other non-profit organizations where leftover food can be donated. Each State agency shall circulate its policy to all agency employees, and submits its food donation policy to the Department of Central Management Services (DCMS) on an annual basis beginning December 31, 2018.

Department management stated the lack of a food donation policy was due to management oversight.

Failure to adopt and make staff aware of a food donation policy may result in unnecessary State waste and lost opportunities to help meet the needs of indigent residents of the State. Failure to implement sufficient internal controls to identify and ensure compliance with applicable laws increases the risk of noncompliance with statutory mandates. (Finding Code No. 2020-025)

RECOMMENDATION:

We recommend the Department implement a food donation policy to comply with the requirements of the Code, including identification of non-profit recipients, notification of all Department employees, and annual policy submission to DCMS. We further recommend the Department implement internal controls to identify and ensure compliance with generally applicable laws.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work towards adopting a food donation policy and ensure submission to the Department of Central Management Services on an annual basis in compliance with the Illinois Procurement Code and Ethics Act. The Department will seek legislative remedy.

2020-026 **FINDING:** (Tamms Minimum Security Task Force)

The Department of Corrections (Department) failed to comply with the Unified Code of Corrections regarding the Tamms Minimum Security Task Force (Task Force).

The Unified Code of Corrections (Code) (730 ILCS 5/3-2-2.3(a)) created the Tamms Minimum Security Unit Task Force to study the use of the Tamms Minimum Security Unit as a vocational training facility for the Department of Corrections. The membership of the Task Force was required to include 11 state legislators and community leaders from throughout the State, including the Director of the Department of Corrections, or his or her designee. The Code (730 ILCS 5/3-2-2.3(b)) also required the Department to provide administrative support to the task force. The Task Force was mandated to meet and submit a report of its recommendations to the Governor and General Assembly on or before December 31, 2020. The Task Force was dissolved by the Code on January 1, 2021.

During our examination, we noted the Department did not provide evidence they had determined whether the Director would serve, or designate a representative of the Department on the Task Force, and did not take measures to provide any administrative support to the Task Force. The Department provided no evidence of actions taken during the examination period to communicate with the agency they believed was responsible for designating the Chair regarding any future meetings or assistance needed. Neither did the Department provide any evidence of internal correspondence prepared or considerations made during the examination period to ensure the Department's compliance with their responsibilities under this mandate.

Department management disagreed with our finding and indicated they took no actions related to this mandate because they believed another agency was responsible for ensuring the Task Force was formed.

The Department's failure to designate a representative to the Task Force and the failure to provide any administrative support for the Task Force may have inhibited the State's ability to properly evaluate the potential use of the Tamms Minimum Security Unit as a vocational training facility for the Department. (Finding Code No. 2020-026)

RECOMMENDATION:

We recommend the Department timely appoint members and provide administrative support to task forces, boards, and commissions as required by State law, and actively participate in mandated committees to help ensure the purpose of such entities is achieved.

DEPARTMENT RESPONSE:

The Department agrees the Tamms Minimum Security Unit Task Force (task force) was not formed during the one year the task force was statutorily required to be active. The Department makes every effort to ensure that required appointments to task forces, boards, and commissions is completed in compliance with State law. To that end, the Director or his designee has been appointed to over 30 such task forces, boards, or committees throughout State government.

2020-027 FINDING: (Inadequate Controls over Voucher Processing)

The Department of Corrections (Department) did not maintain adequate controls over voucher processing.

During our sample testing of 469 vouchers, we noted the following exceptions:

- For ninety-three (20%) vouchers tested, totaling $13,771,680, payments were approved by the agency head more than 30 days after receipt by Fiscal Operations, ranging from 4 to 227 days late.

- For twenty-five (5%) vouchers tested, totaling $2,185,344, bills did not have a date received stamp; therefore, we were not able to test timeliness of receipt of the vendor invoice and payment to the vendor.

- One (0.2%) voucher tested for $61,875, had a date received stamp later than the approval date.

The Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) requires the Department to review each vendor's invoice and either deny the bill in whole or in part, ask for more information necessary to review the bill; or approve the voucher in whole or in part, within 30 days after the receipt of the bill. The Code (74 Ill. Adm. Code 900.30) requires agencies to maintain records of date of receipt of proper bill.

- One (0.2%) voucher tested, amounting to $44,058, was paid 22 days late, and late payment interest was not paid as required.

  The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) requires bills to be paid or payment issued to the payee within 90 days of receipt of a proper bill or invoice. Untimely payment will result in the monthly accrual of interest until paid.

- One (0.2%) voucher selected for testing, totaling $15,932, was not provided by the Department.

  The State Records Act (5 ILCS 160/8) requires each agency head to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.

During our sample testing of 152 travel vouchers, we noted the following exceptions:

- For six (4%) vouchers tested, totaling $1,904, reimbursement requests were received by Fiscal Operations later than the 30th of the next month after the trip took place, ranging from 21 to 111 days late.

  The Department's Administrative Directive (A.D.) (02.37.110) instructs employees to submit travel expenses monthly on one travel voucher (C-10). More frequent submission is permitted should the accumulated expenses become significant and the employee receives permission from the Travel Coordinator. Further, upon receipt of the C-10 from the traveler, the facility Business Office is to forward all C-10s for the previous month's travel to arrive on or before the 30th calendar day of the following month to the Fiscal Operations Accounts Payable Unit.

- For two (1%) vouchers tested totaling $426, the employee's headquarters did not agree with the official headquarters on file with the Legislative Audit Commission.

  The State Finance Act (30 ILCS 105/12-3) states each agency shall file reports for all of its officers and employees for whom official headquarters have been designated at any location other than that at which their official duties require them to spend the largest part of their working time.

We tested an additional sample of 60 out-of-State travel vouchers and noted eleven (18%) vouchers tested, totaling $7,928, did not have DOC Form 0277 (Out-of-State or Out-of-Country Travel Request form) documenting Department approval.

A.D. (02.37.105) states requests for approval of out-of-State or out-of-country travel shall be submitted to the Manager of Staff Development and Training on an Out-of-State or Out-of-Country Travel Request, DOC 0277, at least 50 days in advance of the departure date. In addition, travel requests shall be submitted to the Governor's Office of Management and Budget no later than 30 days prior to the departure date or as soon as the need for travel is determined.

This finding was first noted during the examination of the two years ended June 30, 2014. The Department has not taken sufficient, substantive steps to implement all appropriate and reasonable corrective actions.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources.

Department management stated the exceptions noted were due to conflicting priorities and lack of resources.

Inadequate controls over voucher processing may result in untimely or inaccurate voucher processing and unnecessary interest charges. In addition, the propriety of disbursements may be questioned due to missing supporting documentation. (Finding Code No. 2020-027, 2018-027, 2016-028, 2014-024)

RECOMMENDATION:

We recommend the Department allocate sufficient resources to timely approve and process vouchers for payment and retain supporting documentation. We also recommend the Department ensure employees timely submit travel reimbursement requests and adequate supporting documentation, accurately report their headquarters, and timely obtain pre-approvals for out-of-State and out-of-country travel.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure that vouchers are properly reviewed and processed in a timely manner. The Department will also make every effort to stress the importance of receiving adequate funding required to help facilitate the processing of its vouchers.

2020-028 **FINDING:** (Inadequate separation of duties for handling cash boxes at Correctional Centers)

The Department of Corrections (Department) did not maintain an adequate separation of duties for handling locally held funds at all facilities.

Auditors tested segregation of duties over cash at five facilities and noted the following:

- Lincoln Correctional Center (Center) did not maintain an adequate separation of duties over the cash box. We noted the Center employee responsible for performing counts of the cash box was also the individual assigned custody of the cash box.

- The Center was unable to provide documentation to substantiate periodic counts of the cash box were performed by someone independent of the person assigned custody of the cash box.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires each agency to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are safeguarded against waste, loss unauthorized use, and misappropriation, and properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

The State Records Act (5 ILCS 160/8) requires the Center to make and preserve records containing adequate and proper documentation of the essential transactions of the Center to protect the legal and financial rights of the State.

Good internal controls endorse the use of effective separation of duties in managing locally held funds cash. Specifically, the individual responsible for counting and reconciling the cash box should not be an individual with physical access to the cash box and its contents in the normal course of their duties.

This finding was first noted during the examination of the two years ended June 30, 2008. During Fiscal Years 2019 and 2020, management did not take adequate corrective action to maintain an adequate separation of duties.

Department management indicated these issues were caused by a staff shortage in the business office.

Inadequate separation of duties increases the likelihood that errors and discrepancies could occur and not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 2020-028, 2018-028, 2016-038, 2014-029, 12-09, 10-09, 08-16)

RECOMMENDATION:

We recommend the Department work with the Centers to identify staff shortages and take corrective actions to ensure an adequate separation of duties is maintained.

<u>DEPARTMENT RESPONSE</u>:

Recommendation accepted. The COVID-19 pandemic contributed to short-staffing in the facility Business Offices. The Department will remind staff on the importance of ensuring proper segregation of duties and obtaining the proper approvals if adequate separation cannot be performed.

2020-029 **FINDING:** (Failure to develop a formal fraud risk assessment program)

The Department of Corrections (Department) did not have a formal fraud risk assessment program in place during the audit period.

The Department relied on administrative and internal controls to minimize the risk of fraud occurring, but had not completed its analysis of the process to ensure a written fraud risk assessment is in place.

This finding has been repeated since 2012. The Department had not taken all reasonable and appropriate corrective actions to resolve this finding.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law; (2) obligations and costs are in compliance with applicable law; (3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation…" Additionally, it is management's responsibility to prevent and detect fraud. Therefore, the Department should implement a formal policy regarding the evaluation of fraud risk and a system of controls to help prevent and detect potential fraudulent activity within its organization. Preparing a written policy will serve to document the Department's awareness and responsibility for fraud prevention and detection, as well as specific activities necessary to identify and address specific fraud risk factors.

Department management stated the failure to develop a formal fraud risk assessment program was due to competing priorities.

Without a written and formal program to identify and address the specific risks associated with fraud, fraudulent activities may go undetected and could result in misstatements in its financial reporting to the State or misappropriation of Department assets. (Finding Code No. 2020-029, 2018-029, 2016-012, 2014-026, 12-31)

RECOMMENDATION:

We recommend the Department establish a written fraud prevention, deterrence, and detection program. This program should include 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.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work towards implementing a formal fraud risk policy and risk assessment.

2020-030 **FINDING:** (Noncompliance with grant agreements)

The Department of Corrections (Department) did not exercise adequate controls over and sufficiently monitor grant agreements during the examination period.

We tested 7 grant agreements for grants awarded to the Department, and noted the following exceptions:

- For 1 of 7 (14%) grant agreements tested, required quarterly visits were not conducted for 3 of 4 (75%) quarters tested.

  According to the grant agreement regarding quarterly visits, the Department is required to conduct a minimum of 1 visit per quarter to each facility identified within the agreement, for the purpose of training and supporting Peer Educators.

- For 1 of 7 (14%) grant agreements tested, we noted 2 of 4 (50%) required quarterly reports were submitted 70 and 180 days late.

  In order to preclude the possibility of the withholding of funding, the Department was required by the grant agreements to timely file all required reports. Reports included, but were not limited to, quarterly fiscal reports, quarterly progress reports, and all reports included in the closeout materials. The quarterly fiscal and progress reports were due 30 days after the end of each quarter unless another reporting schedule had been required or approved by the Department.

- For 1 of 7 (14%) grant agreements tested, the annual audit report was submitted 109 days after the extended due date granted in an extension.

  According to the grant agreements, grantees shall submit annual financial reports within 180 days after the grantee's fiscal year ending on or after June 30. This deadline may be extended at the discretion of the grantor.

Department management stated the exceptions noted were due to timing constraints, staff shortages, and turnover.

Failure to maintain documentation, adequately monitor, and ensure adherence to the conditions contained within grant agreements could jeopardize grant funding, result in grant reporting inaccuracies, and pose legal and financial risks to the Department. (Finding Code No. 2020-030, 2018-030)

RECOMMENDATION:

We recommend the Department assign sufficient staff to ensure all reporting requirements are adhered to and ensure required quarterly visits are conducted to ensure appropriate training and support of Peer Educators.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work towards ensuring the required reports are submitted timely and quarterly visits are conducted in accordance with the grant agreements.

2020-031 **<u>FINDING</u>:** (Cash receipts and refunds not paid into the State Treasury on a timely basis as required by State law)

The Department of Corrections (Department) did not pay into the State Treasury the gross amount of the money received on a timely basis as required by State law.

We noted the following exceptions:

- Ten of 43 (23%) refunds, totaling $19,434, were not deposited timely, ranging from 2 to 96 days late.

- For five of 43 (12%) refunds tested, totaling $2,130, the Expenditure Adjustment Transmittal Forms were missing the date.

- Three of 43 (7%) refunds tested, totaling $1,465, lacked adequate supporting documentation; therefore, we were not able to determine the timeliness of deposit.

- For three of 43 (7%) refunds tested, totaling $1,380, the Expenditure Adjustment Transmittal Forms' date noted did not align with the proper fiscal year period.

- Three of 60 (5%) receipts, totaling $90, were not deposited within the 15-day extended due date, ranging from 6 to 66 days late.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) requires the Department to deposit into the State Treasury receipts between $500 and $10,000 within 48 hours. Single item receipts of more than $10,000 must be deposited the same day received. Amounts of $500 or less can be held until the next 1st or 15th day of the month before deposit. In cases where compliance with these requirements is not possible, the Comptroller and Treasurer have joint authority to allow deposit extensions.

The most recent applicable deposit extension approved for this purpose was a 15-day extension for the period December 6, 2017 through December 6, 2021. Even with the approved deposit extension, the Department did not deposit receipts and refunds in a timely manner.

The State Records Act (5 ILCS 160/8 and 160/9) requires the Department to preserve records containing adequate and proper documentation of the essential transactions of the Department to protect the legal and financial rights of the State as well as to establish and maintain a program for agency records management, which includes effective controls over maintenance of records.

Department management stated the exceptions noted were due to a lack of staff, conflicting priorities, human error, and employee oversight.

A delay in the deposit of cash receipts and refunds could result in a compromise of internal controls, increases the risk of potential loss, and could result in a loss of interest income.

Furthermore, without adequate supporting documentation, there is no trail to determine adherence to the deposit requirements. (Finding Code No. 2020-031, 2018-031)

RECOMMENDATION:

We recommend the Department implement controls and maintain adequate supporting documentation to ensure cash receipts and refunds are deposited in a timely manner in accordance with State law.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will strive to ensure receipts and refunds are deposited in a timely manner and sufficient documentation is maintained.

2020-032 **FINDING:** (Payroll timekeeping system not automated)

The Department of Corrections (Department) payroll timekeeping system was not automated.

The Department continued to maintain a manual timekeeping system for 12,509 employees as of June 30, 2019 and 12,642 employees as of June 30, 2020. Correctional center employees signed in and out, and these sheets were sent to the correctional center's timekeeping clerk. Other information, including notification of absences and call-in reports, were also forwarded to center timekeepers. Within the General Office, unit timekeepers from each division maintained daily attendance records, which were reviewed and approved at the end of the pay period by the supervisor and then submitted to the General Office Timekeeping Supervisor. However, the Department had not implemented an automated timekeeping system during the examination period. As a result, our testing of compensatory time noted significant exceptions. See Finding 2020-037 for details. This finding has been repeated since the Fiscal Year 1998 examination.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State's resources. Good internal controls and prudent business practices suggest that controls available through automated timekeeping systems can provide greater efficiency and reduce the potential for costly errors or employee abuse.

Department management indicated there was a lack of resources to procure its own automated timekeeping system, or to develop and maintain a homegrown system to meet the needs of the Department.

The lack of an automated timekeeping system increases the risk of errors and control inefficiencies due to the volume of data entry required to maintain manual timesheets and the increased possibility of human error. In addition, this can lead to difficulty in tracking and monitoring compensatory accrual and leave balances. (Finding Code No. 2020-032, 2018-032, 2016-022, 2014-016, 2014-025, 12-23, 10-16, 08-20, 06-04, 04-07, 02-08, 00-09, 99-17, 98-17)

RECOMMENDATION:

We recommend the Department implement an automated timekeeping system.

DEPARTMENT RESPONSE:

Recommendation accepted. The State of Illinois is in the process of implementing the Human Capital Management (HCM) system for all agencies, which includes a timekeeping component. The Department is hopeful this finding can be addressed during the implementation of this system.

2020-033 **<u>FINDING</u>:** (Inadequate controls over request for leaves of absence)

The Department of Corrections (Department) did not ensure employees' requests for leaves of absence were properly documented and approved timely.

During our testing of employees' requests for leave of absence (LOA), we noted the following exceptions:

- Fifty of 60 (83%) employees on LOA tested were approved by the Director after the LOA effective date, ranging from 1 to 447 days late.

- Four of 60 (7%) return LOA forms tested were approved more than 90 days after the LOA effective return date, ranging from 101 to 305 days late.

- Three of 60 (5%) employees on LOA tested were missing the initial Personnel Action Form for LOA approval.

- One of 60 (2%) employee on LOA tested was missing the employee signature on the return LOA form.

- One of 60 (2%) employee on paid Military Leave was not properly compensated, resulting in an underpayment of $15,952. The Department completed the necessary forms to claim for back wages due to the employee, subsequent to our notification of this exception.

This finding was first noted during the examination of the two years ended June 30, 2016. The Department had not taken sufficient, substantive steps to implement appropriate and reasonable corrective action for this finding.

The State Records Act (5 ILCS 160/8) requires the Department to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

The Illinois Administrative Code (80 Ill. Adm. Code 420.640) states unless otherwise provided for in a specific leave and with prior approval of the Director of Personnel, leaves of absence may be granted without pay to employees for periods not to exceed 6 months. Employees must provide proper documentation to support their request for leave prior to the approval of the leave. Leaves may be extended for good cause by the department for additional 6 month periods, with the Director of Personnel's approval.

The Department's Administrative Directive (03.02.104) requires a Personnel Action Form to be used to initiate personnel action requests, accompanied by the necessary documentation, approved by the appropriate supervisory staff and appropriate Deputy

Director and, when required, approved by the Director prior to final processing by the Agency Personnel Office.

The Service Member Employment and Reemployment Rights Act (330 ILCS 61/5-10(b)) states that during periods of military leave for active service, public employees shall receive differential compensation.

Department management stated the exceptions were due to late submission of approvals and forms from the correctional centers, and the undercompensation for military leave was an error.

Failure to maintain adequate controls over requests for leaves of absence may result in unauthorized leaves being taken and leave payments not properly made or accounted for. (Finding Code No. 2020-033, 2018-033, 2016-025)

RECOMMENDATION:

We recommend the Department improve controls over leave of absence requests to ensure forms are properly completed, timely approved, and maintained in the Department's files and ensure employees are properly compensated. We further recommend the Department remind facilities and enforce the requirement to timely submit support for leaves of absence.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure requests for leaves of absences are properly completed and approved in a timely manner and the documentation is maintained. Staff will be trained on the proper policies and procedures related to these requests.

2020-034 **<u>FINDING</u>:** (Employee performance evaluations not performed)

The Department of Corrections (Department) did not complete performance evaluations for its employees or did not timely complete employee performance evaluations.

During our testing of personnel files for 60 employees, we noted the following:

- Twenty-one (35%) employees' annual performance evaluations for Fiscal Year 2020 were not performed timely, ranging from 2 to 283 days after the last day of the employee's performance review period.

- Twenty (33%) employees' annual performance evaluations for Fiscal Year 2019 were not performed timely, ranging from 9 to 649 days after the last day of the employee's performance review period.

- Two (3%) employees did not have an annual performance evaluation in Fiscal Year 2020.

- One (2%) employee did not have an annual performance evaluation in Fiscal Year 2019.

The Illinois Administrative Code (Code) (80 Ill. Adm. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency with such evaluation performed not less often than annually.

The Department's Administrative Directive (03.03.110) states that each employee shall have a list of measurable objectives for a specific work period and shall receive a documented evaluation of his or her job performance at least annually. A formal job performance evaluation shall be conducted by supervisory staff on each employee prior to the completion of any probationary period and annually thereafter. For bargaining unit employees, the performance evaluation shall be submitted no later than seven days after the employee's annual date or the last day of the probationary period, unless circumstance warrant the withholding of the annual salary increases or non-certification.

This finding was first noted during the examination of the two years ended June 30, 2006. The Department had not taken sufficient steps to implement all appropriate and reasonable corrective actions to address the underlying causes of late and uncompleted performance evaluations.

Department management stated the performance evaluations were not conducted in a timely manner due to staffing constraints, vacancies, retirements, oversight, and lack of adequate follow-up. Further, Department management indicated due to the COVID pandemic, staff were working remotely and this also contributed to untimely completion of performance evaluations.

Good internal controls dictate the annual evaluation be performed in a timely manner as it is an important component of the communication between the employee and employer on the performance and future expectations of the employee in the workplace. Employee evaluations support administrative personnel decisions by documenting regular performance measures.

Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance and areas for improvements, and current year's performance goals and objectives may not be identified and communicated in a timely manner. Further, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoffs, recalls, or reinstatement decisions. (Finding Code No. 2020-034, 2018-034, 2016-029, 2014-008, 12-22, 10-17, 08-21, 06-05)

RECOMMENDATION:

We recommend the Department allocate resources, implement internal controls for identification of needed evaluations, follow up on needed evaluations, and hold management accountable for completing and documenting employee performance evaluations on a timely basis.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will emphasize to management staff the importance of completing performance evaluations for all employees on a yearly basis in a timely manner. The new Human Capital Management (HCM) will notify supervisors when an evaluation is due.

2020-035 **<u>FINDING</u>:** (Inadequate documentation of employee training)

The Department of Corrections (Department) did not properly document the completion of all employees' training hours.

The Department follows training requirements of the State Officials and Employees Ethics Act (Ethics Training) and the Data Security on State Computers Act (Cybersecurity Training).

In addition, the Department administers training which requires that all new employees receive orientation and pre-service training, and all employees receive in-service training on a fiscal year basis, minimum required hours are dependent on the position of the employee.

During our testing of personnel training records, we noted the following:

- Nine of 60 (15%) employees tested did not meet the Fiscal Year 2020 required minimum in-service training hours.

- Eight of 60 (13%) employees tested did not meet the Fiscal Year 2019 required minimum in-service training hours.

- Five of 60 (8%) employees tested were missing support for Fiscal Year 2020 minimum in-service training hours completed.

- Six of 60 (10%) employees tested were missing support for Fiscal Year 2019 minimum in-service training hours completed.

- Five of 10 (50%) newly hired employees tested did not complete the minimum requirement for orientation training hours.

- Four of 10 (40%) newly hired employees tested did not complete ethics training within 30 days of hiring date, ranging from 12 to 16 days late.

- One of 60 (2%) employees tested was missing the 2020 ethics training, sexual harassment training, and cybersecurity awareness training.

This finding was first noted during the examination of the two years ended June 30, 2000. The Department has not taken sufficient, substantive steps to implement all appropriate and reasonable corrective actions to address the underlying causes of employee training deficiencies.

The Department's Administrative Directive (03.03.102) details the initial and annual training hours required based on position.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(a)) requires all officers, members, and employees to complete annual ethics training. The Act (5 ILCS 430/5-10(c)) also requires a person who fills a vacancy in an elective or appointed position or is employed in a position requiring ethics training to complete his or her initial ethics training within 30 days after commencement of his or her office or employment. Further, the Act (5 ILCS 430/5-10.5) requires each officer, member, and employee must complete, at least annually, a sexual harassment training program until 2020 and a harassment and discrimination prevention training program beginning in 2020.

The Data Security on State Computers Act (20 ILCS 450/25(b)) states every employee shall annually undergo training by Department of Information Technology (DoIT) concerning cybersecurity which shall include detecting phishing scams, preventing spyware infections and identity theft, and preventing and responding to data breaches.

The Illinois Administrative Code (80 Ill. Admin. Code 4000.205) requires each agency, board and commission with an employee required to complete cybersecurity training to designate an internal contact to monitor and track compliance with the cybersecurity training requirements.

Department management stated exceptions were due to competing priorities and employee oversight.

Employees who have not received the minimum training may not be receiving important information and background preparation for their specific job duties. Training is crucial to Department employees, especially in the case of individuals who have direct contact with offenders. Furthermore, information might be compromised if employees are not informed of the proper handling of confidential data and appropriate responses to data breaches. (Finding Code No. 2020-035, 2018-035, 2016-030, 2014-007, 12-24, 10-18, 08-23, 06-03, 04-06, 02-07, 00-07)

RECOMMENDATION:

We recommend the Department allocate sufficient resources to document and monitor training and follow up to ensure employees receive the required training to enable them to perform their specific job duties and to reduce risks to the Department.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will monitor staff's enrollment and completion of required training modules and ensure that proper documentation is filed in an accurate and timely manner.

2020-036 **<u>FINDING</u>:** (Taking paid leave time and working overtime on the same day)

The Department of Corrections (Department) allowed employees to use leave time (i.e., sick, vacation, personal leave, and accumulated holiday time) for their regular shift and then work another shift at an overtime rate on the same day. While there may be instances where this would be a needed solution to a difficult staff coverage scenario, it could be a sign of abuse of overtime and may be against Department policy.

According to the Department, for Fiscal Year 2020, there was a total of 1,107,596 hours of overtime paid at a cost of $53,497,160. Stateville Correctional Center reported 204,903 hours of overtime at a cost of $10,120,852, the highest amount of overtime of any correctional facility. The facility with the next highest amount of overtime was the Logan Correctional Center with 99,960 hours of overtime at a cost of $4,660,997.

We reviewed Fiscal Year 2020 overtime payments for 20 employees. We selected 10 employees at the Stateville Correctional Center and 10 employees at the Logan Correctional Center who had the highest amount of overtime paid. As part of our review, we obtained employee annual timesheets and payroll reports.

In our review of these 20 employee timesheets for Fiscal Year 2020, 12 employees (60%) had used a full day of leave time at least once during the fiscal year on the same day they had worked an overtime shift. For these 12 employees, we identified a total of 29 instances during Fiscal Year 2020 in which employees used a full day of leave time (7.5 hours) the same day that they also worked overtime. One employee at Stateville Correctional Center used leave time the same day in which they worked an overtime shift on 13 different occasions during Fiscal Year 2020.

We requested any union agreements that allow overtime pay on the same day that leave time is taken; however, the Department could not provide any.

The Department's Overtime Equalization Training Manual requires the Department to not consider employees on benefit time for Master Overtime Equalization if the overtime is occurring during the time of the employee's absence.

This finding was first noted during the examination of the two years ended June 30, 2014. The Department has not taken all reasonable and appropriate corrective actions to address the underlying cause of this finding. In the sample tested, the rate of employee use of a leave day and working an overtime shift on the same day tripled from 20% to 60% since the prior examination period.

Department management stated generally the reason for employees taking paid leave time and working overtime on the same day is due to competing priorities, lack of staff, and employee oversight.

The financial advantage of this practice from the employee's perspective is that the employee is paid for the leave time shift at the usual rate for that day and then also paid for the overtime shift at 1.5 times the usual rate of pay on the same day. The financial effect on the State, however, is that not only does the State pay the employee at the overtime rate for the shift worked in addition to the regular rate for the leave time taken, but the State may need to pay another employee overtime to cover the shift for which the leave time was used. This type of abuse of leave time may be an example of "shift swapping" in which employees knowingly use leave time and swap shifts in order to gain a financial advantage. (Finding Code No. 2020-036, 2018-036, 2016-031, 2014-015)

RECOMMENDATION:

We recommend the Department monitor the use of leave time being used on the same day as overtime is worked and comply with its training manual by not allowing employees to work overtime on the same day that a full day of leave time is also used.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will strive to limit the number of occasions in which a staff member uses leave time on the same day that overtime is worked.

The Department would like to point out the following information regarding the exceptions noted in this finding:

- The Department operates and staffs correctional facilities on a 24 hour basis for 365 days a year.
- Due to staff shortages in these correctional facilities, overtime is inevitable.
- The majority of the instances involved staff members who had requested and received approval for leave time in advance of working the overtime. In some cases, the approval was obtained several months in advance.
- These individuals in most cases had reached the maximum amount of leave time accrual allowed. Therefore, they needed to reduce the balance by taking some leave time.

2020-037 **<u>FINDING</u>:** (Compensatory time accrual in violation of federal law)

The Department of Corrections (Department) allowed excessive accruals of compensatory time in violation of federal law.

The Department violated the federal Fair Labor Standards Act (FLSA) of 1938 for compensatory time accrual by allowing Department employees to accrue more than 480 hours of compensatory time during a one-year period. The FLSA (29 USC 207(o)(3)(A)) does not allow public safety employees of a State agency to accrue more than 480 hours of compensatory time.

The Department may also be in violation of the union master agreement when paying compensatory time. The union master agreement for Correctional Officers and Correctional Sergeants (RC-06) requires that accrued compensatory time not scheduled or taken by the end of the fiscal year shall be liquidated and paid in cash at the rate it was earned (Article XII, Section 1 of most recent RC-06 Union Agreement).

According to the Department, for Fiscal Year 2020 there was a total of 828,502 hours of compensatory time used/reimbursed at a cost of $27,938,573. Stateville Correctional Center reported 87,751 hours of overtime compensatory time paid at a cost of $3,125,422, the highest amount of compensatory time of any correctional facility. The facility with the next highest amount of compensatory time was Dixon Correctional Center with 75,770 hours of compensatory time at a cost of $2,515,883.

We reviewed Fiscal Year 2020 compensatory time for 20 employees. We selected 10 employees at Stateville Correctional Center and 10 employees at Dixon Correctional Center, which had the highest amount of compensatory time paid. As part of our review, we obtained employee annual timesheets and payroll information for each pay period.

For 5 of 20 (25%) employees sampled, timesheets showed they were allowed to accrue more than 480 hours of compensatory time during at least one month and up to six months of Fiscal Year 2019 and/or Fiscal Year 2020, ranging from 1 to 362 hours in excess of allowable accrued time.

The Department did not have a centralized timekeeping system to track the hours of compensatory time that employees have accrued. The Department used a manual timekeeping system and was not able to appropriately track the rate at which compensatory time was accrued/earned for each employee.

This finding was first noted during the examination of the two years ended June 30, 2014. The Department had not taken sufficient, substantive steps to implement all appropriate and reasonable corrective action, as excessive compensatory time accruals continue to persist.

Department management stated the excessive compensatory time accruals were due to employee oversight.

Allowing employees to accrue excessive compensatory time and failing to track the rate at which compensatory time was accrued/earned may result in a loss of funds for the State. Further, compensatory time liquidated at the end of the fiscal year may be paid at a higher rate than it was earned earlier in the year. This is because employees who wait until all cost-of-living raises, merit raises, and promotions are received prior to liquidating the time for cash receive a higher rate of pay for the accrued compensatory time. Because the Department did not have a centralized electronic timekeeping system during the examination period, it was difficult to quantify how prevalent the accrual of compensatory time was or the financial impact. (Finding Code No. 2020-037, 2018-037, 2016-032, 2014-032)

RECOMMENDATION:

We recommend the Department:

- Comply with the federal Fair Labor Standards Act of 1938 by not allowing employees to accrue more than 480 hours of compensatory time.

- Comply with the union master agreement and track and pay compensatory time at the rate it was earned/accrued.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to allocate resources that would help ensure accurate accounting of compensatory time earned and the rate in which it was paid out. These efforts will include proper training of timekeeping staff to comply with applicable laws and union master agreements. The new Human Capital Management (HCM) will notify supervisors when the comp time earned has reached the maximum number of hours.

2020-038 **<u>FINDING</u>:** (Inadequate Controls over Locally Held Fund Reporting)

The Department of Corrections (Department) did not maintain adequate controls over locally-held fund reporting.

During our testing of the Reports of Receipts and Disbursements for Locally-Held Funds (Form C-17), we noted the following:

Fiscal Year 2019:

- For three of 27 (11%) Center Inmate Commissary Funds tested, the first quarter sales amount per the Statement of Operations was not reflected in the Form C-17 worksheet, resulting in a total Form C-17 understatement of $1,447,413.

- For one of 27 (4%) Center Inmate Commissary Funds tested, the third quarter sales amount per the Statement of Operations did not agree with the amount in the Form C-17 worksheet, resulting in a Form C-17 understatement of $366,424.

- For one of 30 (3%) Center Employee Benefit Funds tested, the second quarter vending income amount per the Statement of Operations was not reflected in the Form C-17 worksheet, resulting in a Form C-17 understatement of $2,611.

Fiscal Year 2020:

- For one of 30 (3%) Center Employee Benefit Funds tested, the first quarter rental income amount in the Form C-17 worksheet was not reflected in the Statement of Operations, resulting in a difference of $3,835.

- For one of 21 (5%) Center Employee Commissary Funds tested, the second quarter checking account amount per the General Ledger Trial Balance did not agree with the amount in the Form C-17 worksheet, resulting in a Form C-17 understatement of $20.

- For one of 21 (5%) Center Employee Commissary Funds tested, the Vending Commissions Income amount per the Statement of Operations did not agree with the amount in the Form C-17 worksheet, resulting in a Form C-17 understatement of $29.

The Statewide Accounting Management System Manual (Procedure 33.13.20) requires each agency to submit accurate quarterly reports of receipts and disbursements of all locally-held funds to the Office of Comptroller utilizing the Form C-17 by the last day of the month following the quarter end.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department management stated the exceptions were due to staff oversight.

Failure to provide accurate quarterly reports to the Office of Comptroller reduces the effectiveness of governmental oversight. (Finding Code No. 2020-038)

RECOMMENDATION:

We recommend the Department ensure that quarterly reports for locally held funds are properly reviewed for accuracy prior to submission to the Office of Comptroller.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work towards ensuring that the quarterly Report of Receipts and Disbursements for Locally Held Funds (Form C-17) is properly reviewed for accuracy prior to submission to the Office of the Comptroller. The Department would like to point out that the Form C-17 is an accumulative report. Each subsequent quarter’s report builds on the prior quarter. Each of the errors noted in this finding were corrected in a subsequent quarter such that the year-end fourth quarter report was correct.

2020-039 **<u>FINDING</u>:** (Lack of external assessment of the internal audit function)

The Department of Corrections' (Department) internal audit function lacked an external assessment of its internal audit function as required by professional standards.

During our testing, we noted the Department failed to have an external assessment of its internal audit function performed prior to the end of the examination period. The last external assessment was conducted in Fiscal Year 2015.

The International Standards for the Professional Practice of Internal Auditing (IPPIA) Section 1312 states "External Assessments must be conducted at least every five years by a qualified, independent assessor or assessment team from outside the organization."

Department management stated an external assessment was not conducted or scheduled during the examination period due to the Department's decision to delay an external assessment until after a Chief Internal Auditor was hired.

Failure to have a periodic external assessment performed of the Department's internal audit function may result in a failure to timely detect any deficiencies in the internal audit program. Further, lack of a timely external assessment resulted in the inability to demonstrate accountability to the public and increases the risk the internal audit function of the Department is not in conformance with the IPPIA standards. (Finding Code No. 2020-039)

<u>RECOMMENDATION</u>:

We recommend the Department ensure external assessments of its internal audit function are timely conducted as required by professional standards.

<u>DEPARTMENT RESPONSE</u>:

Recommendation accepted. The Department plans to conduct an external assessment of the internal audit activity within the next year.

However, the nonconformance was disclosed to both the Director and senior management of the Department in the FY20 Annual Audit Report as well as in every final issued internal audit report in conformance with International Standards for the Professional Practice of Internal Auditing Standard 1322 – Disclosure of Nonconformance, which states: When nonconformance with the Code of Ethics or the *Standards* impacts the overall scope of operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.

2020-040 **<u>FINDING</u>:** (Weaknesses in change control management)

The Department of Corrections (Department) lacked a formal process to control and manage changes to computer systems.

As noted in prior examinations, the Department had not developed a formal change management process or an effective mechanism to control changes. During the current examination, we noted the Department lacked formal or written policies and procedures to govern change control management.

During our testing of changes to Offender 360 and Correctional Intelligence (INTEL), we noted:

- 12 of 17 (71%) changes were not properly approved
- 9 of 17 (53%) changes were not logged properly, and
- 1 of 17 (6%)changes had no testing details

Also, one (6%) change was tested months after deployment or completion date.

Furthermore, we reviewed the access rights of the developers, noting they have access to the production environment, resulting in a segregation of duties weakness.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. In addition, generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems.

Generally accepted information technology guidance endorses the implementation of suitable change management procedures to control changes to computer systems and ensure IT employee access is restricted.

Department management indicated the exceptions were due to the understaffing of support personnel to monitor and document request for changes to computer systems.

Without adequate formal change management procedures, there is a greater risk of unauthorized or improper changes being made to computer systems. The lack of standard procedures increases the risk the confidentiality, integrity, and availability of systems and data will be compromised. (Finding Code No. 2020-040, 2018-040, 2016-035, 2014-034, 12-19)

RECOMMENDATION:

We recommend the Department develop and issue formal change management procedures to control all changes made (including emergency changes) to computer systems. The procedures should include at a minimum:

- The Department's process for requesting a change,
- The Department's approval process of the requested change,
- Monitoring of change requests,
- Testing and documentation requirements,
- User acceptance and documentation, and
- Post implementation reviews requirements.

In addition, the Department should restrict programmer access to all production programs and data. If the Department determines that programmer access is necessary in some situations, the Department should establish and enforce compensating controls to ensure appropriate management oversight and approval of changes.

DEPARTMENT RESPONSE:

Recommendation accepted. Procedures have been established to ensure proper management approvals are obtained prior to making changes to the current systems. The Department is in the process of establishing a change management committee to further refine the process and establish policies and procedures to ensure data and security integrity is not compromised. Formal documented change management guidelines will be in place post establishment of the change management committee.

2020-041 **<u>FINDING</u>:** (Weaknesses in Cybersecurity Programs and Practices)

The Department of Corrections (Department) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Department's mission of serving justice and maintaining public safety, the Department maintains computer systems which contain large volumes of confidential, personal, and medical information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the Department's cybersecurity program, practices, and control of confidential information, we noted the Department:

- Had not developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.
- Had not addressed the results of the risk assessment and/or documented the corrective actions included in the mitigation plan.
- Had not developed a data classification policy.
- Had not developed a policy or procedure related to data wiping.
- Had not ensured cybersecurity awareness training was completed for 808 of 13,958 (6%) registered employees.
- Had not ensured cybersecurity roles and responsibilities were documented and communicated.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and to maintain accountability over the State's resources. Furthermore, generally accepted information technology guidance, including the National Institute of Standards and Technology, endorses the development of well-designed and well-managed controls to protect computer systems and data.

The Department management indicated work overload and understaffing caused the delay of completion of these activities.

Weaknesses in cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the accidental or unauthorized disclosure of confidential or personal information. (Finding Code No. 2020-041, 2018-041, 2016-036)

RECOMMENDATION:

We recommend the Department:

- Develop a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Address the results of the risk assessment and/or document the corrective actions included in the mitigation plan.
- Develop a data classification policy.
- Develop a policy or procedure regarding the method and responsibilities for data wiping.
- Ensure all Department employees participate in cybersecurity awareness training.
- Ensure cybersecurity roles and responsibilities are documented and communicated.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department is working to ensure recommendations in safeguarding all aspects of Information Technology are established and provided for awareness and compliance. The Department will adopt and implement established policies and procedures provided by the Department of Innovation and Technology. These policies include Security Guidelines and Requirements regarding Securing Data (At-Rest & In-Transit), Protecting Mobile Device Data, Protection of Personally Identifiable Information and procedures regarding "Breach or Data Loss" – These Policies also include the proper procedures for disposal & destruction of State of Illinois Devices and the Data contained within – The Department's Staff are currently active in participation of the State's required "Cyber-Security Awareness Training" – Risk Assessments efforts are to begin in the Fall of 2021 with the Department of Innovation and Technology and the Department will adhere to recommendations for remediation of all findings discovered in process – Cyber Security Roles and Responsibilities are currently being established by the Department with the assistance of the Department of Innovation and Technology – The Department has identified a Privacy Officer, who is responsible for reviewing IT contracts and internal policies to ensure compliance with established guidelines, policies and procedures.

2020-042 **<u>FINDING:</u>** (Lack of disaster contingency planning or testing to ensure recovery of computer systems)

The Department of Corrections (Department) had not developed a disaster recovery plan or conducted recovery testing to ensure the timely recovery of its applications and data.

The Department carries out its mission using Information Technology on the mainframe, local area network, and cloud environments.

Since 2012, we have noted the Department had not developed a disaster recovery plan to ensure the recovery of its systems and data. We again noted in the current examination, the Department had not developed a disaster recovery plan.

In addition, the Department had not conducted disaster recovery testing of its systems and data during the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Additionally, information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorses the formal development and testing of disaster contingency plans.

Department management indicated the delay of completion of the activities were due to work overload and understaffing.

Failure to develop and test disaster recovery plans leaves the Department exposed to the possibility of major disruptions of service. (Finding Code No. 2020-042, 2018-042, 2016-040, 2014-017, 12-20)

<u>RECOMMENDATION:</u>

We recommend the Department:

- Develop and implement a disaster recovery plan. At a minimum, the plan should reflect the current environment, identify a prioritized list of critical applications and minimum recovery times, outline the recovery team responsibilities and contact information, alternative recovery locations, and off-site storage facilities.

- Annually test the plan across all environments and update, where necessary, based on the test results.

DEPARTMENT RESPONSE:

Recommendation accepted. In February 2020, work started to address the issues noted in this finding with respect to disaster recovery planning. This process was interrupted due to considerations of the COVID-19 Pandemic. Efforts with the Department of Innovation and Technology (DoIT) have resumed for disaster & contingency planning as part of the Business Impact Analysis process. These efforts will provide insight into each Business Area within the Department of Corrections and provide guidance to remediation in the event of interruption of regular business operations. A target completion date for these efforts has not yet been established. DoIT's Business Impact Analysis Team is working with the Department of Corrections for planning and process review.

2020-043 **FINDING:** (Computer security weakness)

The Department of Corrections (Department) failed to establish adequate controls over its computing environment.

The Department utilized a myriad of computer systems to meet its mission and mandate. The Department processed and maintained critical, medical, confidential, and financial information.

Since 2016, we noted the Department had not developed access provisioning policies to document the controls over requesting, changing, and terminating of access rights to computer systems. We again noted in the current examination, the Department had not developed access provisioning policies to document controls over requesting, changing, and terminating of access rights to computer systems.

In addition, we tested a sample of new hires and terminated employees, noting:

- 6 of 33 (18%) new hires' access was not approved.
- 4 of 33 (12%) new hires' requested access was not documented. Therefore, we were unable to determine if proper access was established.
- 7 of 17 (41%) terminated employees still had access to the Department's computing environment (61 to700 days post termination).

Furthermore, the Department had not conducted a review of access rights to its computer systems.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Generally accepted information technology guidance endorses the development of computer security policies that adequately address the current technological environment and well-designed and well-managed controls to protect computer systems and data.

Department management indicated the weaknesses were the result of filing and monitoring delinquency and lack of notification from the employee's immediate superior regarding the employee's termination.

Without the implementation of adequate controls and procedures for computer resources, there is an increased risk that unauthorized individuals may gain access to these resources. These deficiencies could result in unauthorized access and misuse of the Department's computer systems. (Finding Code No. 2020-043, 2018-043, 2016-043)

RECOMMENDATION:

To enhance computing resource controls, we recommend the Department:

- Develop and implement policies and procedures regarding the provisioning of access rights to all applications and environments.
- Ensure documentation is obtained in approving access to applications and required access rights are documented.
- Ensure access rights are disabled upon an individual's separation from the Department or upon determination access is no longer required.
- Periodically review user access rights to ensure user accounts are appropriate based upon job responsibilities.

DEPARTMENT RESPONSE:

Recommendation accepted. In-place security governance has been implemented to address the issues noted in this finding with respect to user access controls. Staff are on-board to monitor, control, and govern application security concerns. An Application User Access request process is in place for anyone requiring access to any of the Department of Corrections server and client systems. The Department is proactive in maintaining the proper security controls. Formal documented data and security governance policies & guidelines are in place under the Department of Innovation and Technology umbrella.

2020-044 **FINDING:** (Noncompliance with standards for safety and sanitation inspections and enforcement)

The Department of Corrections (Department) did not comply with standards for safety and sanitation inspections and enforcement.

Auditors tested 60 Medical Inspectors' monthly reports at five correctional centers and noted the following exceptions:

- All twelve monthly inspection reports tested at Dixon Correctional Center, which comprised 20% of all Centers' reports tested, lacked recommendations for corrective actions for safety and sanitation deficiencies noted during inspections.

- Six (10%) monthly inspection reports for all housing units and dietary areas were not submitted by the 25th day of the month. The report was submitted between 1 to 3 days late at Dixon, Lincoln, Menard, and Pinckneyville Correctional Centers.

- Ten (17%) monthly inspection reports sampled lacked the dates of submission to the Safety and Sanitation Coordinator. Therefore, we could not determine if these reports for Lawrence Correctional Center were completed timely.

- Three (5%) monthly inspection reports sampled were not provided. Therefore, auditors could not determine if these reports for Lincoln Correctional Center were completed timely or whether they properly cited safety and sanitation deficiencies noted during the inspections and included recommendations for corrective action.

The Department's Administrative Directive (A.D.) (05.02.140) requires monthly inspection reports be submitted to the Safety and Sanitation Coordinator by the 25^{th} calendar day of each month. The monthly inspection report shall cite safety and sanitation deficiencies noted during inspections and shall include recommendations for corrective action.

Auditors tested 90 Safety and Sanitation Officers' weekly inspection reports at 5 correctional centers and noted the following exceptions:

- For eighteen (20%) weekly safety and sanitation inspection reports tested, Pinckneyville Correctional Center was unable to provide documentation to support the initiation of work orders or direct action for deficiencies noted. As a result, the auditors were unable to determine whether the Center initiated work orders or direct actions to correct violations of minor safety and sanitation standards reported in the inspections.

- For fourteen (16%) weekly safety and sanitation inspections which indicated deficiencies existed, work orders or direct actions were not initiated by Dixon Correctional Center. In addition, deficiencies were not properly documented for eight of those inspections.

- One (1%) weekly safety and sanitation inspection report was not fully completed by Dixon Correctional Center.

- Two (2%) weekly safety and sanitation reports selected for testing were not provided. Therefore, auditors could not determine if these reports for Lawrence Correctional Center were completed timely or at all.

A.D. (05.02.140) states each Safety and Sanitation Officer shall conduct weekly safety and sanitation inspections of the assigned zone and submit dated and signed weekly zone inspection reports to the Safety and Sanitation Coordinator. The Safety and Sanitation Officer is to submit work orders or initiate direct actions to correct violations of minor safety and sanitation standards. In addition, any immediate action performed by maintenance per a verbal request shall be followed by written work orders.

The Unified Code of Corrections (730 ILCS 5/3-7-3) (Code) requires standards of sanitation and safety for all institutions and facilities be established and enforced by the Department.

The State Records Act (5 ILCS 160/8) requires the Department to make and preserve records containing adequate and proper documentation of the organization, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State.

Department management indicated these issues were caused by security staff shortages, employee turnover, oversight, and competing priorities. Management also stated untimely submissions were due to changes in Medical Inspectors, and the due dates for monthly reports were not effectively communicated.

Failure to properly complete and timely submit all inspection reports may delay the receipt of information and the timeliness of corrective actions on any safety and sanitation deficiencies noted. Failure to maintain adequate documentation substantiating the performance of inspections and initiation of corrective actions hinders the Center's ability to demonstrate compliance with safety and sanitation standards pursuant to the Department's Administrative Directive and State laws. (Finding Code No. 2020-044)

RECOMMENDATION:

We recommend the Department allocate resources to ensure compliance with administrative directives regarding weekly safety and sanitation inspections, and monthly inspections of all housing units and dietary areas. Further, the Department should remind staff to timely prepare and adequately maintain supporting documents for inspections.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to allocate resources to ensure compliance with administrative directives regarding weekly safety and sanitation inspections and monthly inspections of all housing units and dietary areas. In addition, the Department will remind staff to timely prepare and adequately maintain supporting documents for inspections.

2020-045 **FINDING:** (Noncompliance with the Procurement Code for emergency purchases)

The Department of Corrections (Department) did not comply with the Illinois Procurement Code (Code) regarding emergency purchases.

During our review of eight emergency purchases, we noted the following exceptions:

- Two (25%) emergency purchases tested, which had estimated costs of $1,442,398, were published 2 to 154 days late in the Illinois Procurement Bulletin.
- One (13%) emergency purchase tested, which had an estimated cost of $614,262, was filed 48 days late with the Auditor General.
- One (13%) emergency purchase tested, which had an estimated cost of $150,000, was filed 48 days late with the Procurement Policy Board.

The Code (30 ILCS 500/20-30(b)) states that notices of all emergency procurements shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five calendar days after the contract is awarded. The Code (30 ILCS 500/20-30(c)) also requires statements be filed with the Procurement Policy Board and the Auditor General within 10 calendar days after the procurement setting forth the amount, contractor and the conditions and circumstances requiring the emergency procurement.

Department management indicated the exceptions were due to employee oversight, conflicting priorities, and backlogs.

Failure to timely publish and file notices of emergency purchases reduces the transparency and accountability of the State. (Finding Code No. 2020-045)

RECOMMENDATION:

We recommend the Department implement internal controls and allocate sufficient resources to ensure that emergency purchase procurements are published and notices are filed in a timely manner in accordance with the Code.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work towards limiting its need for emergency purchase procurements and allocating sufficient resources to ensure those that are necessary are published and the required notices are filed in a timely manner in accordance with the Illinois Procurement Code.

2020-046 **<u>FINDING</u>:** (Policies and procedures regarding operation of State vehicles not followed)

The Department of Corrections (Department) had several weaknesses regarding the reporting of vehicle accidents, vehicle maintenance records, and personal use of State vehicles.

During our testing of vehicle accident reports, we noted the following:

- Twenty-six of 49 (53%) Motorist's Report of Illinois Motor Vehicle Accident Forms (SR-1) and Uniform Cover Letters tested were submitted more than 7 days from the day of the accident.

  An analysis of this issue from the last six examinations is summarized in the following table:

Two Years Ending	Number of Exceptions	Sample Size	% of Exceptions	Range of Days Late
June 30, 2010	35	60	58%	1 to 593
June 30, 2012	11	60	18%	1 to 70
June 30, 2014	20	60	33%	1 to 41
June 30, 2016	25	60	42%	1 to 59
June 30, 2018	23	38	61%	7 to 383
June 30, 2020	26	49	53%	1 to 87

- Twenty-three of 49 (47%) Uniform Cover Letters tested were not properly completed. These forms were missing information on the State driver ticketed, ownership of the vehicle, agency/division code related to the employee, license plate number, time period of the accident, claimant, or description of the accident.

- Seven of 49 (14%) Forms SR-1 tested were not properly completed. These forms were missing information on the claimant or the description of the accident.

- One of 49 (2%) Forms SR-1 was not submitted to the Department of Central Management Services (CMS).

According to the Illinois Administrative Code (Code) (44 Ill. Adm. Code 5040.520), a driver of a state-owned or leased vehicle which is involved in an accident of any type is to report the accident to the appropriate law enforcement agency and to CMS by completing the Motorist's Report of Illinois Motor Vehicle Accident form (SR-1). The Form SR-1 is to be completed, as nearly as possible, in its entirety including a clear description of the accident and the conditions surrounding the accident. The report is required to be completed within three days and must be received by CMS within 7 calendar days following an accident. If the State driver is incapable of completing the report because of death or disability, the driver's supervisor should complete the form. CMS also states the completion of the Uniform Cover Letter is vital to proceed with the adjustment process.

The Department's Administrative Directive (A.D.) (02.75.149) further states that accidents involving any vehicle operated in the conduct of State business are to be promptly reported regardless of the dollar amount. A.D. (02.75.149) also states that the Vehicle Accident Coordinator is to submit appropriate reports to CMS within 7 days following the accident.

During our testing of vehicle maintenance, we noted the following exceptions:

- Twenty-four of 60 (40%) vehicles tested did not receive oil changes timely within the allotted mileage requirement ranging from 54 to 12,577 miles overdue.

- Eleven of 60 (18%) vehicles tested did not have tire rotations performed for every other oil change.

- Seven of 60 (12%) vehicles tested were missing information on oil changes and tire rotations, and therefore we were unable to test compliance with maintenance requirements.

- Three of 60 (5%) vehicles tested did not undergo annual inspections in Fiscal Year 2019 and Fiscal Year 2020.

- Four of 15 (27%) vehicles used to transport offenders tested did not undergo the required six-month safety inspections.

According to the Code (44 Ill. Adm. Code 5040.400), all state-owned or leased vehicles which fall under this Part shall undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Driver should check oil, coolant, and battery water levels (if possible) regularly, such as at each refueling. The Code (44 Ill. Adm. Code 5040.410) states that agencies are to have vehicles inspected by CMS at least once per year and maintain vehicles in accordance with the schedules provided by CMS or with other schedules acceptable to CMS that provide for proper care and maintenance of special use vehicles. The CMS Vehicle Usage Program, effective July 1, 2012, requires agencies to follow prescribed maintenance intervals to keep fleet costs down. In addition, CMS policy indicates vehicles (vans) that are used for transporting offenders are required to have both annual and semi-annual safety inspections.

The State Records Act (5 ILCS 160/8) requires the Center to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Center.

During our testing of 16 employees for personal use of state vehicles, we noted the following exceptions:

- The following required documents were missing from employee files:
  - Twelve (75%) Annual Certification of License and Vehicle Liability Coverage forms.
  - Twelve (75%) Annual Commute Mileage Certification forms.
  - Ten (63%) Determination of Value for Individual Use of a State Vehicle forms.

- Seven (44%) Annual Individually Assigned Vehicles Tax Exemption Certification forms.

- We were unable to test timeliness of submission of the following documents due to lack of a date received stamp:
  - Nine (56%) Annual Individually Assigned Vehicles Tax Exemption Certifications.
  - Six (38%) Determination of Value for Individual Use of a State Vehicle forms.
  - Three (19%) Annual Certifications of License and Vehicle Liability Coverage.
  - One (6%) Annual Commute Mileage Certifications.

- Two (13%) employees tested were missing a supervisor signature on the Annual Individually Assigned Vehicle Tax Exemption Certification form.

We also tested 23 auto certifications and noted the following exceptions:

- Sixteen (70%) Annual Certifications of License and Vehicle Liability Coverage were missing a date received stamp; therefore, we were unable to test timeliness of submission.
- Seven (30%) Annual Certification of License and Vehicle Liability Coverage forms were missing.

Federal rules require the State (an employer) to treat the fair market value of "personal use" of a State vehicle as a taxable fringe benefit, which should be included in the recipient State employee's income at year-end. Also the State is required to withhold additional income taxes, FICA, and State retirement contributions, as related to the value of any fringe benefits. In determining the total income for tax and retirement purposes, etc. the total pay will be the gross salary plus $3.00 per day when the vehicle is used for commuting.

A.D. (01.02.106) states that upon assignment of a vehicle, the employee shall receive the Individually Assigned Vehicle Usage Packet, including instructions. The following forms shall be completed by the employee and submitted to the Statewide Vehicle Coordinator and copies shall be retained in the facility Business Office:

a. Annual Commute Mileage Certification, DOC 0349, to be completed initially and between July 1st and July 31st annually.
b. Annual Individually Assigned Vehicle Tax Exemption Certification, DOC 0348, to be completed initially and between December 1st and December 31st annually.
c. Annual Certification of License and Vehicle Liability Coverage, DOC 0068, to be completed initially and between July 1st and July 31st annually.
d. Determination of Value for Individual Use of a State Vehicle, DOC 0346, to be completed initially and between December 1st and December 31st annually.

This finding was first noted during the examination of the two years ended June 30, 2000. During the examination period, the Department has not taken substantive steps to implement appropriate and reasonable corrective action, as exceptions continued to persist regarding the reporting of vehicle accidents, vehicle maintenance records, and personal use of State vehicles.

Department management stated the exceptions were due to conflicting priorities and employee oversight.

Good business practice dictates that vehicles should be maintained to prevent excessive repair costs in the future. Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles. Untimely submission or failure to maintain and track submission of the forms for vehicle accidents or for individually assigned vehicle usage may result in increased risk of loss or failure to report an employee's taxable vehicle usage income. Failure to identify and track all personally assigned State vehicles increases the risk the Department will fail to monitor and ensure compliance with applicable requirements and may subject the Department to litigation or loss. (Finding Code No. 2020-046, 2018-046, 2016-024, 2014-010, 12-27, 10-21, 08-33, 06-01, 04-03, 02-04, 00-03)

RECOMMENDATION:

We recommend the Department implement internal controls and sufficient oversight to timely report vehicle accidents, properly maintain State vehicles, and ensure forms are fully completed, dated, submitted, and retained for those employees who are personally assigned State vehicles. The Department should also track and monitor personally assigned vehicles.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will ensure all forms received by the vehicle unit are date stamped. The Department will also remind staff of the importance of filing accident reports in a timely manner, completing routine vehicle maintenance inspections and turning in personally assigned vehicle forms within the prescribed deadlines.

2020-047 **FINDING:** (Noncompliance with the Local Food, Farms, and Jobs Act)

The Department of Corrections (Department) failed to comply with the Local Food, Farms, and Jobs Act (Act).

During our testing, we noted the Department failed to track the annual percentage of local farm or food products purchased during Fiscal Year 2019 and Fiscal Year 2020. Further, the Department did not provide evidence of any measures taken during the examination period to identify their statutory responsibilities under the Act, to contact or work with the Local Food, Farms, and Jobs Council (Council), to develop procedures, or to take steps to comply. During Fiscal Years 2019 and 2020, the Department expended $86,680,617 for food and food products purchases.

The Act (30 ILCS 595/10) states it is the goal of this State that 20% of all food and food products purchased, including by correctional facilities, be local farm or food products by 2020. The Act states all State agencies and State-owned facilities that purchase food and food products shall, with the assistance of the Council, develop a system for (i) identifying the percentage of local farm or food products purchased for fiscal year 2011 as the baseline; and (ii) tracking and reporting local farm or food products purchases on an annual basis. The Act has been effective since 2009.

Department management indicated they disagree with the finding. Department management indicated that when this exception was brought to their attention after the end of the examination period, they reached out to the Council for further guidance, and found out the Council was not active at that time. Therefore, Department management indicated they believe their noncompliance with the Act should not be cited as a finding. We noted the Department's noncompliance appears to be due to a lack of adequate internal controls to identify, assign responsibility for, and ensure compliance with this statutory mandate.

Failure to track the annual percentage of local farm and food products purchased impedes the State's ability to create a plan and funding strategy to facility the growth of an Illinois-based farm and food system and to monitor progress in meeting the Act's stated goal for the purchase of local food products. Failure to maintain adequate internal controls to ensure awareness and compliance with applicable laws poses a risk that mandated duties will not be fulfilled. (Finding Code No. 2020-047)

RECOMMENDATION:

We recommend the Department implement monitoring procedures to track the annual percentage of local farm and food products purchased on an annual basis in compliance with the Act or seek legislative remedy.

DEPARTMENT RESPONSE:

Recommendation accepted. The Local Food, Farms and Jobs council was completely disbanded several years prior to the examination period. The Illinois Procurement Code requires the Department to purchase the bulk of its food and supplies from master contracts negotiated by the Department of Central Management Services. Therefore, the Department has very little control over or insight into the amount of food purchased from local farms. For small purchases, the Department solicits bids from registered small businesses. Therefore, the Department will seek legislative remedy.

2020-048 **FINDING:** (Untimely submission of Agency Fee Imposition Report)

The Department of Corrections (Department) submitted its Fiscal Year 2019 Agency Fee Imposition Report (Report) untimely to the Office of Comptroller (Comptroller).

The Department submitted its Fiscal Year 2019 Report 13 days past the August 1 due date.

The State Comptroller Act (Act) (15 ILCS 405/16.2) requires State agencies that impose fees to file the Report with the Comptroller at the time the Comptroller specifies. The Act also requires the Comptroller to annually submit to the General Assembly by September 1 a report detailing by agency the information required in the Report, which includes the description, purpose, authority, amount, use and administrative cost of fees; the affected population; and the degree to which program goals are met. The Statewide Accounting Management System Manual (Procedure 33.16.20) states the annual fee data must be submitted to the Comptroller by August 1 of each year.

Department management stated the late report submission was due to a clerical error by the contractor who prepared the report.

Failure to timely submit the Report may result in a lack of accountability and may cause delays in Statewide reporting. (Finding Code No. 2020-048)

RECOMMENDATION:

We recommend the Department implement controls to ensure timely submission of Reports to the Comptroller.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department would like to point out that the issue noted in this finding has already been corrected.

2020-049 **<u>FINDING</u>:** (Failure to provide health care coverage application assistance to offenders prior to release)

The Department of Corrections (Department) failed to comply with the Unified Code of Corrections (Code) regarding health care coverage assistance to offenders prior to release.

The Department did not have procedures in place to provide assistance with the timely completion of applications for health care coverage to offenders prior to release. Therefore, we were unable to test the timeliness of health care coverage assistance to offenders. During the examination period, 7,684 offenders were discharged from the Department's custody.

The Code (730 ILCS 5/3-14-1(f)) states within forty-five days prior to the scheduled discharge of a person committed to the custody of the Department, the Department shall give the person who is otherwise uninsured an opportunity to apply for health care coverage including medical assistance. The Code also states the Department shall provide assistance with completion of the application for health care coverage including medical assistance.

Department management stated the exceptions were due to lack of staff.

Failure to offer assistance to offenders within 45 days of release in applying for health care coverage may cause hardship on the offender should they incur medical expenses after leaving the Department's custody and before obtaining health care coverage on their own. (Finding Code No. 2020-049)

<u>RECOMMENDATION</u>:

We recommend the Department allocate sufficient resources and implement procedures to timely offer and provide assistance with applications for health care coverage for offenders prior to release as defined by the Code.

<u>DEPARTMENT RESPONSE</u>:

Recommendation accepted. During the examination time period, specific staff were not identified for this responsibility or trained on how to enroll men and women in our custody for health care coverage prior to their release. The Department also determined that staff needed access to the Integrated Eligibility System (IES) through the Department of Healthcare and Family Services (HFS) to determine if the individual in custody already had an active Medicaid application. In the last few months, the Re-Entry Unit has conducted statewide training with clinical staff on the enrollment procedures, entered the process and deadline for enrollment into Administrative Directive 04.50.101 and placed all forms and instructions on the Department's intranet for staff to use as a resource.

2020-050 FINDING: (Inadequate controls over monthly reconciliations)

The Department of Corrections (Department) did not maintain adequate controls over monthly reconciliations with Office of Comptroller (Comptroller) reports.

We noted the monthly reconciliations between Department and Comptroller records were not properly performed and timely completed as follows:

- Monthly Appropriation Status Report (SB01) reconciliations were not properly performed during Fiscal Years 2019 and 2020. We noted 15 of 24 (63%) SB01 monthly reconciliations tested were not completed timely, ranging from 25 to 297 days late. In addition, 5 of 24 (21%) SB01 monthly reconciliations tested did not include reviewer signoffs; therefore, we were unable to test the timeliness of reconciliations.

- Monthly Revenue Status Report (SB04) reconciliations were not properly performed during Fiscal Years 2019 and 2020. We noted 18 of 48 (38%) SB04 monthly reconciliations were not completed timely, ranging from 3 to 258 days late. In addition, 21 of 48 (44%) SB04 monthly reconciliations did not include reviewer signoffs; therefore, we were unable to test the timeliness of reconciliations.

- Monthly Obligations Activity Report (SC15) reconciliations were not completed properly during Fiscal Years 2019 and 2020. We noted 9 of 24 (38%) SC15 monthly reconciliations were not completed timely, ranging from 47 to 184 days late. In addition, 9 of 24 (38%) SC15 monthly reconciliations did not include reviewer signoffs; therefore, we were unable to test the timeliness of reconciliations.

- The Department did not perform the Monthly Appropriation Transfer Report (SB03) reconciliations for each month during Fiscal Years 2019 and 2020.

- The Department failed to provide support of supervisory review of any monthly reconciliations performed for the Cash Report (SB05) during Fiscal Years 2019 and 2020.

The Statewide Accounting Management System (SAMS) Manual (Procedures 07.30.20, 11.40.20, 25.40.20, 09.40.30, and 15.30.30) requires the Department to perform monthly reconciliations of its records to specific Comptroller reports (SB01, SB03, SB04, SB05, and SC15) to ensure timely detection and correction of any irreconcilable differences so corrective action can be taken to locate the differences and correct the accounting records. The reconciliations must be completed within 60 days of the month end.

The SAMS Manual (Procedure 07.30.20) states the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. Agency reconciliation is the primary control that ensures these requirements are being satisfied. Further, SAMS Manual (Procedure 02.50.10) requires supervisors to review and approve the assigned work of their staff to minimize errors.

Department management stated the exceptions were due to staff shortages, vacancies, and high employee turnover.

Failure to timely prepare, review, and document monthly reconciliations could lead to unresolved differences between the Department and the Comptroller records, inaccurate financial reporting, and undetected loss or theft. Failure to timely perform and document reconciliation reviews increases the risk of undetected misappropriation of State assets. (Finding Code No. 2020-050)

RECOMMENDATION:

We recommend the Department allocate sufficient resources to timely perform, review, and approve monthly reconciliations with Comptroller's reports. We also recommend the Department promptly notify the Comptroller and resolve all differences noted during the reconciliation process.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work towards allocating sufficient resources to timely perform, review, and approve monthly reconciliations with the Office of the Comptroller's Monthly Appropriation Status Report (SB01), Monthly Revenue Status Report (SB04), Monthly Obligations Activity Report (SC15), Monthly Appropriation Transfer Report (SB03) and the Cash Report (SB05). In addition, the Department will promptly notify the Office of the Comptroller and resolve all differences noted during the reconciliation process.

2020-051 **FINDING:** (Failure to review reports of violence and public safety data)

The Department of Corrections (Department) facility management failed to review reports of violence and public safety data on a quarterly basis.

For 2 of 9 (22%) correctional centers tested, the Department failed to review all reports on violence and public safety data on a quarterly basis. East Moline Correctional Center failed to review reports for 4 of 6 (67%) quarters tested and Stateville Correctional Center failed to review reports for 5 of 6 (83%) quarters tested.

The Unified Code of Corrections (730 ILCS 5/3-2-12(d)) requires the correctional institution or facility's executive team and each chief administrative officer of the correctional institution or facility to examine statewide and local data at least quarterly. During these reviews, each chief administrative officer shall: (1) identify trends; (2) develop action items to mitigate the root causes of violence; and (3) establish committees at each correctional institution or facility which shall review the violence data on a quarterly basis and develop action plans to reduce violence. These plans shall include a wide range of strategies to incentivize good conduct.

Department management stated the exceptions were due to management oversight.

Failure to review data on violence and public safety on a quarterly basis may reduce the ability to effectively monitor violence in the facilities and develop actions to reduce violence. (Finding Code No. 2020-051)

RECOMMENDATION:

We recommend the Department ensure violence and public safety data is reviewed on a quarterly basis in order to identify trends and develop action plans to reduce violence and the root causes of violence.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure violence and public safety data is reviewed on a quarterly basis to identify trends and develop action plans to reduce violence and the root causes of such violence.

2020-052 **FINDING:** (Noncompliance with special education data reporting required by the School Code)

The Department of Corrections (Department) did not comply with special education reporting requirements of the School Code (Code).

We noted that the Department failed to report a census of individuals under 22 years of age with disabilities receiving special education services during Fiscal Years 2019 and 2020.

The Code (105 ILCS 5/2-3.30) requires, on or before December 22 of each year, an annual report from the Department containing a census of all children 3 through 21 years of age with disabilities who were receiving special education and related services on December 1 of the current school year pursuant to rules and regulations issued by the State Board of Education.

Department management indicated a lack of awareness and understanding of the specific provisions of this mandate as it relates to the Department.

Failure to report on special education data may reduce accountability for State responsibilities. (Finding Code No. 2020-052)

RECOMMENDATION:

We recommend the Department comply with mandated reporting requirements or seek legislative remedy.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department would like to mention that the adult facilities do not house individuals below the age of 18. These individuals are housed within the Department of Juvenile Justice facilities. In addition, the school district was removed from the Department's adult facilities in 2006. The removal of the school district eliminated the school psychologist who conducted the screening for special education services. The Department will seek legislative remedy.

2020-053 **FINDING:** (Underenrollment and misreported participation in the high school equivalency testing program)

The Department of Corrections (Department) did not sufficiently increase enrollment and properly report participation in the high school equivalency testing program required by the Unified Code of Corrections (Code).

During our testing, we noted the Department failed to increase the number of committed persons enrolled in programs for high school equivalency testing. Since the effective date of January 1, 2015, the number of committed persons enrolled reported in Fiscal Year 2020 decreased by 1,358 or 63%.

Further, we noted the Department inaccurately reported the number of committed persons in the Adult Division who were enrolled in adult education programs in Fiscal Year 2020. In the Department's Fiscal Year 2020 annual report for adult education, enrollments were overstated a total of 4,043 (52%) for adult basic education and high school equivalency enrollment.

The Code (730 ILCS 5/3-6-8) states the Department shall develop and establish a program in the Adult Division designed to increase the number of committed persons enrolled in programs for high school equivalency testing and pursuing high school equivalency certificates by at least 100% over the 4-year period ending January 1, 2019. The Code further states each adult institution and facility shall report annually to the Director of Corrections on the number of committed persons enrolled in high school equivalency testing programs and those who pass high school equivalency testing, and the number of committed persons in the Adult Division who are on waiting lists for participation in the high school equivalency testing programs.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/1002) states it is public policy that every State agency is responsible for effectively and efficiently managing the agency and establishing and maintaining an effective system of internal control.

Department management stated the exceptions were due to lack of staff and employee error.

Increasing the number of committed persons in high school equivalency programs may reduce the recidivism rate. Correct and consistent reporting of program participation and results ensures accountability and provides data for evaluation of progress in meeting stated goals. (Finding Code No. 2020-053)

RECOMMENDATION:

We recommend the Department allocate necessary resources for high school equivalency programs and remind staff to accurately report information on such.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department would like to mention the following information regarding to this finding:

- Since January 1, 1987, all individuals in custody committed to the Department for two or more years, except those serving life sentences, take the Test of Adult Basic Education (TABE) to determine their academic level.
- During Fiscal Years 2019 and 2020, 12,685 and 8,115, respectively, individuals in custody were tested at intake with 6,549 (51.62%) and 5,140 (63.34%), respectively, scoring below the 6th grade level.
- High School Equivalency (HSE) program is available to but not required for all individuals in custody who score at an 8th grade level or above on the TABE. Less than half of the individuals in custody fall into this category.
- The number of individuals in custody who took advantage of the opportunity and completed the HSE program during Fiscal Years 2019 and 2020 was 735 and 604, respectively.
- Due to COVID-19, the TABE and the GED test stopped in March of 2020. The number of GEDs earned decreased as a result.

2020-054 **<u>FINDING</u>:** (Incomplete reporting in financial impact statements)

The Department of Corrections (Department) failed to report all required information in its financial impact statements.

The Department did not report on the monthly cost of incarcerating an individual and estimated construction cost per bed for financial impact statements due in Fiscal Year 2019 and 2020.

The Unified Code of Corrections (Code) (730 ILCS 5/3-2-9) states each fiscal year, the Department shall prepare and submit to the clerk of the circuit court, and make available to the public, a financial impact statement that includes the estimated annual and monthly cost of incarcerating an individual in a Department facility and the estimated construction cost per bed.

Department management stated the exception was due to employee oversight.

Failure to properly report incarceration and construction cost information to the clerk of the circuit court and the public reduces accountability. (Finding Code No. 2020-054)

<u>RECOMMENDATION</u>:

We recommend the Department ensure mandated financial impact information is submitted.

<u>DEPARTMENT RESPONSE</u>:

Recommendation accepted. The Department will work to ensure the monthly cost of incarcerating an individual and the estimated construction cost per bed is reported in the Department's financial impact statements.

2020-055 **FINDING:** (Untimely notification of settlement)

The Department of Corrections (Department) did not notify the State's Attorney within fourteen days of award of damages incurred while the recipient was committed.

For two of 3 (66%) settlements tested, the Department notified the State's Attorney of the county from which the person was committed 59 and 524 days late.

The Code of Civil Procedure (Code) (735 ILCS 5/13-202.1(d)) states whenever there is any settlement, verdict or judgment in excess of $500 in any court against the Department or any past or present employee or official in favor of any person for damages incurred while the person was committed to the Department, the Department shall, within 14 days of the settlement, verdict or judgment, notify the State's Attorney of the county from which the person was committed to the Department.

Department management stated the untimely notification of damages awarded was due to administrative oversight.

Failure to timely notify the State's Attorney hinders the State's Attorney from timely notifying the victim(s) of the crime for which the offender was committed of the settlement and advising the victim(s) to contact a private attorney regarding their legal rights. (Finding Code No. 2020-055)

RECOMMENDATION:

We recommend the Department implement internal controls to ensure compliance with notification provisions of the Code.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure compliance with the notifications requirement of the Code of Civil Procedure with regard to settlements.

2020-056 **FINDING:** (Incomplete quarterly reporting of violence and public safety data)

The Department of Corrections (Department) failed to properly report all required violence and public safety data to the General Assembly on a quarterly basis.

Beginning January 1, 2019, the Department was required to report on violence in institutions and facilities and public safety. Since the effective date, the Department failed to report on all required data on violence and public safety each quarter through June 30, 2020. The missing information includes the following, which represents 10 of 23 (43%) required statistics:

Information Missing	Fiscal Year (FY) / Quarters (Q)
Multi-committed person on a single committed person fights.	FY19 Q3 and Q4
Sexual assault committed by a committed person against another committed person, correctional staff, or visitor.	FY19 Q3 and Q4
Sexual assault committed by correctional staff against another correctional staff, committed person, or visitor.	FY19 Q3 and Q4
Correctional staff use physical force.	FY19 Q3 and Q4
Requests and placements in protective custody.	FY19 Q3 and Q4
Data on average length of stay in segregation, secured housing, and restrictive housing.	FY19 Q3 and Q4 FY20 Q1 thru Q4
The types of housing facilities, whether private residences, transitional housing, homeless shelters, or other, to which committed persons are released from Department correctional institutions and facilities.	FY19 Q3 and Q4 FY20 Q1 thru Q4
Committed persons who are being held in custody past their mandatory statutory release date and the reasons for their continued confinement.	FY19 Q3 and Q4 FY20 Q1 thru Q4
Parole and mandatory supervised release revocation rate by county and reasons for revocation.	FY19 Q3 and Q4 FY20 Q1 thru Q4
Committed persons on parole or mandatory supervised release who have completed evidence-based programs, including educational, vocational, chemical dependency, sex offender or cognitive behavioral.	FY19 Q3 and Q4 FY20 Q1 thru Q4

The Unified Code of Corrections (Code) (730 ILCS 5/3-2-12) requires the Department to collect and report the rate of specific violence and public safety data. The Code states the violence and public safety data shall be included in the Department's quarterly report to the General Assembly and posted on the Department's website, and shall include an aggregate chart at the agency level and individual reports by each correctional institution or facility of the Department. The Director is required to ensure management of each facility, on a quarterly basis, identifies trends, develops action items to mitigate the root causes of violence, and establishes committees to review violence data and develop action plans to reduce violence, including a wide range of strategies to incentivize good conduct.

Public Act 100-0907, which required reporting of this data, was signed into law on August 17, 2018.

Department management stated the Department was unable to collect and report the data required due to conflicting priorities.

Failure to gather and properly report required violence and public safety data to the General Assembly reduces accountability and the effectiveness of governmental oversight. Failure to analyze all violence and public safety data and develop corrective action hinders the Department's ability to reduce and mitigate the root causes of violence. (Finding Code No. 2020-056)

RECOMMENDATION:

We recommend the Department allocate necessary resources in order to properly report all required violence and public safety data to the General Assembly on a timely basis. We further recommend facilities designate staff to review violence data for trends and develop action items to address and reduce violence.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department would like to mention the following information regarding the exceptions listed in the finding:

- The first five measures listed in the finding did not exist prior to the mandate. Therefore, the Department included them in the quarterly reports as soon as administratively possible as evidenced by the fact that none of the exceptions listed are related to FY20 quarterly reporting.
- The Department data on the average length of stay in segregation, secured housing, and restrictive housing measure did not exist prior to the mandate either.
    - This measure requires a manual calculation since the tracking system of record does not capture the information in the proper form to calculate the average.
- In June of 2021, the Department began reporting the types of housing facilities, whether private residences, transitional housing, homeless shelters, or other, to which committed persons are released from Department correctional institutions and facilities. However, the Department has difficulty gathering validated data for this measure for the following reasons:
    - The tracking system of record the Department uses to track the residence of the paroled or released population only displays the individual's current residence and does not allow the Department staff to target and capture residences upon release.
    - The Department has submitted a programming ticket to resolve the issue.
- In June of 2020, the Department began reporting the total number and ratio of committed persons who are held in custody past their mandatory statutory release date.

    - However, the reasons for the continued confinement portion of the measure has never been part of the tracking system.
    - The Department has submitted a complicated programming ticket to resolve this issue requiring new procedures, directives, and staff training in addition to coordination with other state agencies.
- The Department is unable to provide information regarding the parole and mandatory supervised release revocation rate by county and reasons for revocation for the following reasons:
    - Individuals who are on parole or mandatory supervised release can and do commit parole violations, resulting in a return to prison, in counties, or in some instances other states, than the one in which they reside.
    - In addition, the county has no operational function or jurisdiction when attempting to identify and isolate the reasons for return.
    - The legislative intent is unclear as to whether the Department is to identify the county in which the violation occurs, the county in which the parolee resides, or other non-specified parameters in the report.
    - The Department has submitted a mandate statute change to the Governor's Office to rescind this mandate.
- The Department is unable to provide information regarding the committed persons on parole or mandatory supervised release who have completed evidence-based programs, including educational, vocational, chemical dependency, sex offender or cognitive behavioral for the following reasons.
    - Reporting capabilities of the current computer tracking system are not available to isolate programs completed during the current parole term versus those completed during a previous parole term for those individuals who serve multiple parole terms.
    - Parolees do not accurately report program compliance or noncompliance to their parole agents on a consistent basis.
    - Parolees are free to live where they chose so long as they do not violate certain conditions such as near schools, etc.
        - The necessary program services may not be available in the parolee's chosen community.
        - The parolee may not access to transportation.
        - The Department cannot force parolees to reside in communities that offer the necessary program services.
        - Many of the community-based program utilized by parolees have not undergone studies to establish whether or not they are evidence-based.
    - The Department has submitted a mandate statute change to the Governor's Office to rescind this mandate.

2020-057 **<u>FINDING</u>:** (Failure to provide requested engagement documentation in a timely manner)

The Department of Corrections (Department) did not provide all requested documentation to the auditors in a timely manner.

As is necessary in a financial audit and compliance examination, we made numerous requests of the Department during our fieldwork. One thousand fifty-one (1,051) written requests for information were made to the Department's Central Office for documentation required to perform our testing. Requests were routed through two employees, as requested by the Department. These employees were designated as the liaisons for the financial audit and compliance examination, and ensured all requests were sent to the appropriate personnel, and conducted follow-up on requested information. During the engagement, outstanding request listings were sent up to four times a month to the Department. Further, four letters were sent from the Office of the Auditor General to the Department during the audit documenting the delays encountered and requesting assistance necessary to complete the financial audit and State compliance examination of the Department and the financial audit of the Statewide financial statements.

As of May 11, 2021, documents related to 491 (47%) requests were provided after the time frame for responses agreed upon with the Department as noted below:

Days received after the due date of request	Compliance Requests	Financial Requests	Exception Listing Response Requests	Potential Audit Finding Response Requests	**Total Number of Items Past Due**
1 to 14	177	43	26	21	**267**
15 to 30	49	14	18	21	**102**
31 to 60	44	7	18	10	**79**
61 to 90	21	4	4	-	**29**
90 to 120	7	-	1	-	**8**
Over 120	4	1	1	-	**6**
Total	302	69	68	52	**491**

Further, some requests for documentation from correctional facilities were never provided to the facility auditors and therefore were considered as exceptions during testing. Those instances have been reported as part of other findings in this report.

Department management agreed to provide requested documents within three weeks of receipt of requests at the beginning of the pandemic, then within two weeks of requests effective August, 2020. Beginning in mid-November 2020, the Department agreed to return to prior audits' practice of providing documents and responses to exceptions and potential audit findings within one week of receipt.

The Illinois State Auditing Act (30 ILCS 5/3-12) requires each State agency and its officers and employees to promptly comply with, and aid and assist the Auditor General. In addition, the Act states each State agency shall, at the request of the Auditor General, *without delay*, make available to the Auditor General or his or her designated representative any record of information requested.

Department management stated they were unable to provide the requested information timely due to the coordination needed between the General Office and the correctional centers, time constraints, and competing priorities. Further, management stated the COVID pandemic contributed to additional time needed to fulfill the engagement requests, as some staff were working remotely. Management indicated documents not provided by facilities were due to inexperienced fiscal staff, conflicting priorities and improper preparation and maintenance of records.

Failure to provide the requested documentation in a timely manner resulted in auditing and reporting delays for the Department's financial audit and compliance examination and the State's Annual Comprehensive Financial Report. Failure to provide requested documentation for testing prevents the auditors from determining whether the Department performed all required duties and responsibilities, as noted in numerous findings throughout this report. (Finding Code No. 2020-057)

RECOMMENDATION:

We recommend the Department allocate the necessary resources in order to provide requested information to auditors in a timely manner.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department of Corrections' Financial Audit was released on 6/23/21. Four other major state agency financial audit reports were released after this date. The Statewide Annual Comprehensive Financial Report (ACFR) was issued on 8/19/21. The Department takes great comfort in knowing that none of the delays mentioned in this finding caused the delay in completing the Statewide ACFR.

In addition, the Department would like to point out the following with regards to the delays noted in this finding:

- The Department was very clear that reducing the timeframe for a response from 3 weeks down to 2 and then 1 would be extremely difficult to achieve given the constraints of the COVID 19 restrictions and other issues experienced by the Department. However, the auditors still insisted on these reductions. The Department made every effort possible to comply, however, the information listed below were contributing factors.
- For 43 of 371 (12%) Requests, 19 of 68 (28%) Exception Listing Requests, and 24 of 52 (46%) Potential Audit Finding Requests, the Department reached out to the auditors, sometimes multiple times, for clarification of the items being requested to enable staff to provide the right documentation. These requests took in some cases months to receive a response.

- For 4 of 371 (1%) Requests and 2 of 68 (3%) Exception Listing Requests, the same information was requested again even though the Department had already provided the information on a previous request.
- For 14 of 371 (4%) Requests and 6 of 68 (9%) Exception Listing Requests, the auditors requested additional information or indicated the information provided was not what they needed to perform testing many months after the original request had been fulfilled by the Department. Rather than start the time for response over again, the auditors tracked the Department's response time from the original request due date.
- For 4 of 371 (1%) of Requests, the auditors requested to look at the same documentation again requiring staff time to retrieve information that had already been filed away.
- For 30 of 371 (8%) Requests and 4 of 68 (6%) of Exception Listing Requests, requested document files were too large to send via electronic means. This information either had to be viewed on site or delivered via a USB drive. The auditors were not always available when the information or files were ready.
- The COVID-19 pandemic affected the Department greatly in the following ways:
    - Many staff in the facilities were required to quarantine either because they were positive for the COVID-19 virus or exposed to a positive individual. These staff members in most cases did not have access to the requested documentation.
    - On several occasions, the Central office buildings were either completely inaccessible to staff or staffing were only allowed access for 50 percent of the work week. This situation hindered staff in responding to requests for documents.
- The Department experienced an extreme shortage in the Information Technology area during the audit cycle due to the retirement of key individuals. Several requests had to wait for additional personnel to be hired to fill the vacancy.
- In some cases, the Department was completely dependent on decisions and information to be provided from outside entities including other state agencies.
- New this year, the auditors tested the accuracy of the census data upon which the actuarial calculation of the Department's contribution, assets and liabilities for the pension plans and other post-employment benefits is based. Requests for information to complete this testing was not sent to the Department until late January 2021.

ACCOUNTANT'S COMMENT:

The Department is not in a position to evaluate the effect the Department's delays may impose on the Statewide Annual Comprehensive Financial Report, the Department's financial audit, or the Department's State compliance examination. The auditors concluded the Department did not provide timely information to the auditors, which is noncompliance with the Illinois State Auditing Act. The facts in the finding clearly demonstrate this noncompliance. The timelines established for providing audit requests were reasonable for a routine post audit.

Audit document requests were clearly communicated in writing to enable the Department to provide the requested information. The auditors routinely followed up with the Department on outstanding, incomplete, and unresponsive documents, and as detailed in the finding, the Department at times took months to provide complete, responsive documents. A total of 224, or 21% of all requests made, were provided over 2 weeks late

(3 to 5 weeks after the date requested). Follow up requests to examine documents are a routine part of audits and did not impact the number of days late.

The auditors made repeated requests for the Department to notify the auditors if they believed any facts were in error. For this particular issue, the auditors sent a potential audit finding and support on April 16, 2021, to which the Department stated it was reserving comment until the finding was received. On August 13, 2021, the Department received this draft finding. The Department did not raise any concerns with the facts until it submitted its finding response September 8, 2021, which it further revised after the close of business on the September 10, 2021 examination completion date.

Both the finding and the Department's response demonstrate the difficulty the auditors experienced in obtaining timely information and cooperation during this post audit.

2020-058 **FINDING:** (Failure to notify county boards and sheriffs of noncompliance of county jails)

The Department of Corrections (Department) failed to notify the county boards and sheriffs of noncompliance of county jails with jail standards.

The Department conducted annual inspections of county jails for compliance with standards and procedures established for the physical condition of such institutions and for the treatment of offenders with respect to their health and safety and the security of the community.

During our testing of 25 annual county jail inspections, we noted the Department failed to give notice to the county board and the sheriff for all 11 (100%) 2018 inspections and 9 of 12 (75%) 2019 inspections of county jails cited for noncompliance.

The Unified Code of Corrections (Code) (730 ILCS 5/3-15-2) requires the Department to establish minimum standards for the physical condition of county jails and for the treatment of inmates with respect to their health and safety and the security of the community. The Code states if any county jail does not comply with the standards and procedures established, the Department must give notice to the county board and the sheriff of such noncompliance, specifying the particular standards and procedures that have not been met by the county jail.

Department management stated the exceptions were due to management oversight.

Failure to notify county boards and sheriffs of county jail noncompliance reduces the ability to appropriately monitor the minimum standards for the physical condition of such institutions and for the treatment of offenders with respect to their health and safety and the security of the community. (Finding Code No. 2020-058)

RECOMMENDATION:

We recommend the Department ensure county boards and sheriffs are notified of any noncompliance of county jails with jail standards.

DEPARTMENT RESPONSE:

Recommendation accepted. In the past, the Department would provide verbal notification of the deficiencies at the time of the inspections. In November of 2019, the Department began sending letters from the Director to county boards and sheriffs outlining any noncompliance with the jail standards and procedures noted during the inspections of local county jails.

2020-059 FINDING: (Noncompliance with extended supervision of sex offender requirements of the Unified Code of Corrections)

The Department of Corrections (Department) failed to timely prepare and report individual's progress under the extended supervision of sex offender requirements of the Unified Code of Corrections (Code).

For the one released sex offender tested, the required progress report was prepared 205 days late. Further, the Department did not submit the progress report to the Chief of Police and Sheriff as required.

The Code (730 ILCS 5/3-14-2.5(b)) requires the Department to supervise sex offenders placed on mandatory supervised release in accord with the conditions set by the Prisoner Review Board. The Code also states "Commencing 180 days after the offender's release date and continuing every 180 days thereafter for the duration of the supervision term, the supervising officer shall prepare a progress report detailing the offender's adjustment and compliance with the conditions of mandatory supervised release including the offender's participation and progress in sex offender treatment. The progress report shall be submitted to the Prisoner Review Board and copies provided to the chief of police and sheriff in the municipality and county in which the offender resides and is registered."

Department management stated the sex offender progress report was not timely prepared and reported to all required parties due to employee oversight.

Failure to timely prepare and report required information for a sex offender on mandatory supervised release to the local Chief of Police and Sheriff may reduce the effectiveness of governmental monitoring and oversight to identify and manage risks posed to public safety. (Finding Code No. 2020-059)

RECOMMENDATION:

We recommend the Department take measures to ensure timely compliance with the extended supervision of sex offender progress report requirements of the Code.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure timely compliance with the extended supervision of sex offender progress report requirements of the Unified Code of Corrections. In addition, the Department would like to point out that in the past when the reports have been sent to the local chiefs of police and sheriffs, the Department has been met with resistance. The Department will seek legislative remedy for this requirement.

2020-060 **<u>FINDING</u>:** (Noncompliance with applicable portions of the Arsonist Registration Act)

The Department of Corrections (Department) failed to comply with the Arsonist Registration Act.

For 10 of 14 (71%) released convicted arsonists tested, the Department was unable to provide records to support the reporting of required information to the Illinois State Police (ISP) regarding convicted arsonists expecting to reside, work, or attend school upon discharge, parole, or release within the City of Chicago. In all 10 instances, the Department failed to require the offenders to sign the Arsonist Registration Act Notification to Register Form (Form) prior to release. In addition, for 2 of 14 (14%) released convicted arsonists tested, the Form was signed more than 10 days prior to release, ranging from 423 to 610 days early.

This finding was first reported for 2006. The Department has not taken sufficient measures to implement all appropriate and reasonable corrective actions, as exceptions continue to persist on noncompliance with the Act.

The Arsonist Registration Act (Act) (730 ILCS 148/15) requires the Department to obtain from arsonists prior to release, information about where the person expects to reside, work, and attend school upon his or her discharge, parole, or release and also to report this information to the Illinois State Police (ISP). Until such time as the ISP establishes the Illinois Citizens and Law Enforcement Analysis and Reporting System database throughout the State, the Act (730 ILCS 148/80) applies only to those individuals that will reside, be employed, or attend school within the City of Chicago.

The Department's Administrative Directive (04.50.115) provides written instructions to staff for preparation for release and supervision after release of offenders. The Field Services Representative shall communicate to the offender the conditions under which the parole or mandatory supervised release shall be served and provide the offender with reporting instructions. The offender shall be required to sign the Form within 10 days prior to release, if the offender is identified as an arsonist under the Act who committed arson on or after January 1, 2005, and whose intended place of residence, employment or school is within the City of Chicago.

Department management stated since the registry is only completed for released offenders whose intended place of residence, employment, or school is within the city limits of Chicago, employees tend to forget to check for the need to register while processing released offenders.

Timely notification of convicted arsonists of their reporting responsibilities and completion of required notification forms within 10 days of release increases the likelihood released offenders will subsequently register their location as required. Timely informing ISP of convicted arsonists upon their discharge, parole, or release provides information to assist law enforcement in the identification or location of released arsonists. (Finding Code No. 2020-060, 2018-017, 2016-026, 2014-014, 12-39, 10-32, 08-45, 06-16)

RECOMMENDATION:

We recommend the Department implement effective internal controls to ensure timely completion and maintenance of required forms and prompt reporting of required information to the Illinois State Police for released convicted arsonists.

DEPARTMENT RESPONSE:

Recommendation accepted. The Department will work to ensure timely completion and maintenance of required forms and prompt reporting of required information to the Illinois State Police for released convicted arsonists.

A. **FINDING:** (Adult transition centers financial transactions not properly recorded and administered)

In the prior audit, the Department did not properly record, maintain required documentation, or ensure adequate internal controls over financial transactions at the Adult Transition Centers.

In the current audit, this finding has been combined into Finding 2020-006, Inadequate administration of and controls over locally held funds. (Finding Code No. 2018-006, 2016-037, 2014-023, 12-14, 10-14, 08-18, 06-02, 04-04, 02-05, 00-05, 99-11, 98-08, 96-04, 94-05)

B. **FINDING:** (Inability to identify all applicable agency-specific laws)

During the previous examination, the Department was unable to provide a complete list of statutes with specific requirements for the Department during the examination period.

During the current examination, the Department identified statutory mandates applicable to its operations. As a result, this finding is not repeated. (Finding Code No. 2018-011)

C. **FINDING:** (Inadequate controls over contractual and interagency agreements)

During the previous examination, the Department did not maintain adequate internal controls to identify and support compliance with all applicable contractual and interagency agreements.

During the current examination, the Department identified and provided support for contractual and interagency agreements in our sample. As a result, this finding is not repeated. (Finding Code No. 2018-012)

D. **FINDING** (Improper management of addiction recovery services)

During the previous examination, the Department did not properly manage the addiction recovery services as required by statute.

During the current examination, our testing indicated the Department documented and managed attendance at addiction recovery services. As a result, this finding is not repeated. (Finding Code No. 2018-013, 2016-008, 2014-013, 12-37, 10-31)

E. **FINDING:** (Inadequate controls over the submission of Statements of Economic Interest)

During the previous examination, the Department did not maintain adequate controls over the submission of Statements of Economic Interest.

During the current examination, our testing indicated the Department maintained adequate controls over the submission of Statements of Economic Interest. As a result, this finding is not repeated. (Finding Code No. 2018-020)

F. **FINDING:** (Failure to properly conduct metal detectors searches of inmates)

During the previous examination, the Department of failed to properly conduct metal detector searches of inmates.

During the current examination, our testing indicated the Department conducted metal detector searches of inmates. As a result, this finding is not repeated. (Finding Code No. 2018-024, 2016-007, 2014-021)

G. **FINDING:** (Failure to timely submit interagency accounts receivable write-offs report to the Office of the Comptroller)

During the previous examination, the Department– Correctional Industries (Industries) failed to timely submit to the Office of the Comptroller a listing of interagency accounts receivable that had been written off.

During the current examination, our testing indicated Industries timely submitted a listing of interagency accounts receivable that had been written off to the Office of Comptroller. As a result, this finding is not repeated. (Finding Code No. 2018-025, 2016-015)

H. **FINDING:** (Inadequate controls over the Inmate Benefit Fund)

During the previous examination, the Department did not have adequate controls over the Inmate Benefit Fund.

During the current examination, our testing indicated the Department did not maintain adequate controls over the Inmate Benefit Fund, which is reported as part of Department Finding Code No. 2020-006. As a result, this finding code is reported as not repeated. (Finding Code No. 2018-026)

I. **FINDING:** (Inadequate maintenance of personnel files)

During the previous examination, the Department did not adequately maintain personnel files.

During the current examination, we tested a sample of personnel files and noted the Department significantly improved compliance with requirements for personnel files. As a result, this finding is not repeated. (Finding Code No. 2018-038)

J. **FINDING:** (Inadequate controls over payroll, timesheets, and support)

During the prior examination, the Department did not maintain sufficient controls or sufficient supporting documentation over timesheets.

During the current examination, our sample testing identified no significant weaknesses or noncompliance for payroll files or timesheets. As a result, this finding is not repeated. (Finding Code No. 2018-039)

K. **<u>FINDING</u>:** (Weaknesses with Payment Card Industry Data Security Standards)

During the previous examination, the Department had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

During the current examination, our testing indicated the Department demonstrated compliance with PCI DSS. As a result, this finding is not repeated. (Finding Code No. 2018-044, 2016-042)

L. **<u>FINDING</u>:** (inadequate controls over issuance of telecommunication devices)

During the previous examination, the Department did not maintain adequate controls for the issuance of telecommunication devices.

During the current examination, the Department significantly improved controls over issuance of telecommunication devices. (Finding Code No. 2018-045, 2016-027)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2020

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2020

Public Act 101-0007 and Public Act 101-0637 FISCAL YEAR 2020	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to October 31, 2020	Total Expenditures 16 Months Ended October 31, 2020	Balances Lapsed October 31, 2020
APPROPRIATED FUNDS					
General Revenue Fund - 001					
Personal Services	$ 956,621	$ 891,065	$ 62,928	$ 953,993	$ 2,628
Student, Member, Inmate Compensation	6,180	4,826	1,326	6,152	28
TRS Contributions	1	1	-	1	-
Social Security Contributions	71,369	65,272	4,699	69,971	1,398
Contractual Services	345,354	274,429	51,515	325,944	19,410
Travel	804	430	142	572	232
Travel & Allowance, Offenders	585	324	44	368	217
Commodities	70,018	37,837	24,252	62,089	7,929
Printing	702	381	151	532	170
Equipment	1,994	484	929	1,413	581
Electronic Data Processing	39,112	35,382	3,607	38,989	123
Operation of Automotive Equipment	3,675	2,238	836	3,074	601
Telecommunications	13,679	7,528	5,250	12,778	901
Statewide Hospitalization	10,229	8,480	1,414	9,894	335
Replace Telecommunications Systems	450	325	-	325	125
TORT Claims	2,891	896	-	896	1,995
Payments to Local Government Employees	450	304	69	373	77
Permanent Improvement - Lump Sum	5,000	1,231	1,403	2,634	2,366
Refunds	8	3	-	3	5
Grant to the Illinois Sentence Policy Advisory Council	689	462	56	518	171
Total, Fund 001	$ 1,529,811	$ 1,331,898	$ 158,621	$ 1,490,519	$ 39,292

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2020

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2020

Public Act 101-0007 and Public Act 101-0637 FISCAL YEAR 2020	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to October 31, 2020	Total Expenditures 16 Months Ended October 31, 2020	Balances Lapsed October 31, 2020
Working Capital Revolving Fund - 301					
Personal Services	$ 9,202	$ 7,591	$ 438	$ 8,029	$ 1,173
Student, Member and Inmate Compensation	1,500	1,293	184	1,477	23
State Contributions to State Employees' Retirement System	4,996	4,097	238	4,335	661
State Contributions to Social Security	704	561	33	594	110
Group Insurance	2,880	1,607	73	1,680	1,200
Contractual Services	1,604	924	272	1,196	408
Travel	5	2	1	3	2
Commodities	20,999	13,227	3,297	16,524	4,475
Printing	6	5	-	5	1
Equipment	2,000	832	291	1,123	877
Telecommunications Services	20	17	2	19	1
Operation of Automotive Equipment	1,004	543	256	799	205
Green Recycling Initiatives	100	-	-	-	100
Permanent Improvement - Lump Sum	250	11	-	11	239
Interest - Prompt Payment	175	-	172	172	3
Refunds	5	2	2	4	1
Total, Fund 301	$ 45,450	$ 30,712	$ 5,259	$ 35,971	$ 9,479

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2020

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2020

Public Act 101-0007 and Public Act 101-0637 FISCAL YEAR 2020	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2020	Lapse Period Expenditures July 1 to October 31, 2020	Total Expenditures 16 Months Ended October 31, 2020	Balances Lapsed October 31, 2020
Department of Corrections					
Reimbursement and Education Fund - 523					
Lump Sums and Other Purposes	$ 47,000	$ 7,901	$ 4,069	$ 11,970	$ 35,030
Total, Fund 523	$ 47,000	$ 7,901	$ 4,069	$ 11,970	$ 35,030
GRAND TOTAL - ALL FUNDS	$ 1,622,261	$ 1,370,511	$ 167,949	$ 1,538,460	$ 83,801

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records and have been reconciled to the Department's records as of October 31, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

SCHEDULE 2

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2019

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2019

(UNAUDITED)

Public Act 100-0586 and Public Act 101-0007 FISCAL YEAR 2019	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2019	Lapse Period Expenditures July 1 to October 31, 2019	Total Expenditures 16 Months Ended October 31, 2019	Balances Lapsed October 31, 2019
APPROPRIATED FUNDS					
General Revenue Fund - 001					
Personal Services	$ 879,511	$ 828,177	$ 51,328	$ 879,505	$ 6
Student, Member, Inmate Compensation	5,442	5,424	18	5,442	-
TRS Contributions	1	1	-	1	-
Social Security Contributions	64,574	60,758	3,816	64,574	-
Contractual Services	313,677	247,358	66,147	313,505	172
Travel	633	453	179	632	1
Travel & Allowance, Offenders	345	343	2	345	-
Commodities	51,518	34,208	17,212	51,420	98
Printing	587	506	81	587	-
Equipment	1,340	1,007	332	1,339	1
Electronic Data Processing	44,344	34,041	10,303	44,344	-
Operation of Automotive Equipment	3,140	2,122	890	3,012	128
Telecommunications	9,972	7,616	2,356	9,972	-
Lump Sums and Other Purposes	36,278	7,297	28,531	35,828	450
TORT Claims	5,305	5,294	11	5,305	-
Payments to Local Government Employees	450	373	72	445	5
Permanent Improvement - Lump Sum	5,000	868	4,132	5,000	-
Lump Sum for Operational Expenses	97,489	-	97,489	97,489	-
Grant to the Illinois Sentence Policy Advisory Council	715	515	96	611	104
Total, Fund 001	$ 1,520,321	$ 1,236,361	$ 282,995	$ 1,519,356	$ 965

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2019

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2019

(UNAUDITED)

Public Act 100-0586 and Public Act 101-0007 FISCAL YEAR 2019	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2019	Lapse Period Expenditures July 1 to October 31, 2019	Total Expenditures 16 Months Ended October 31, 2019	Balances Lapsed October 31, 2019
Working Capital Revolving Fund - 301					
Personal Services	$ 8,984	$ 7,427	$ 374	$ 7,801	$ 1,183
Student, Member and Inmate Compensation	1,650	1,325	118	1,443	207
State Contributions to State Employees' Retirement System	4,637	3,824	192	4,016	621
State Contributions to Social Security	687	548	28	576	111
Group Insurance	2,880	1,880	83	1,963	917
Contractual Services	1,604	1,174	176	1,350	254
Travel	5	3	1	4	1
Commodities	21,150	13,998	2,162	16,160	4,990
Printing	5	3	1	4	1
Equipment	1,500	424	160	584	916
Telecommunications Services	35	14	2	16	19
Operation of Automotive Equipment	1,144	714	308	1,022	122
Green Recycling Initiatives	100	-	-	-	100
Permanent Improvement - Lump Sum	250	25	44	69	181
Refunds	5	1	-	1	4
Total, Fund 301	$ 44,636	$ 31,360	$ 3,649	$ 35,009	$ 9,627

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2019

(IN THOUSANDS)

For the Sixteen Months Ended October 31, 2019

(UNAUDITED)

Public Act 100-0586 and Public Act 101-0007 FISCAL YEAR 2019	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2019	Lapse Period Expenditures July 1 to October 31, 2019	Total Expenditures 16 Months Ended October 31, 2019	Balances Lapsed October 31, 2019
Department of Corrections					
Reimbursement and Education Fund - 523					
Lump Sums and Other Purposes	$ 47,000	$ 6,796	$ 21,731	$ 28,527	$ 18,473
Total, Fund 523	$ 47,000	$ 6,796	$ 21,731	$ 28,527	$ 18,473
GRAND TOTAL - ALL FUNDS	$ 1,611,957	$ 1,274,517	$ 308,375	$ 1,582,892	$ 29,065

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records and have been reconciled to the Department's records as of October 31, 2019.
Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

(IN THOUSANDS)

For the Fiscal Years Ended June 30,

	2020	2019	2018
APPROPRIATED FUNDS			
General Revenue Fund - 001			
Expenditure Authority	$ 1,529,811	$ 1,520,321	$ 1,896,467
Expenditures:			
Personal Services	$ 953,993	$ 879,505	$ -
Student, Member, Inmate Compensation	6,152	5,442	-
Teachers' Retirement System Contributions	1	1	-
Social Security Contributions	69,971	64,574	-
Contractual Services	325,944	313,505	-
Travel	572	632	-
Travel & Allowance, Offenders	368	345	-
Commodities	62,089	51,420	-
Printing	532	587	-
Equipment	1,413	1,339	-
Electronic Data Processing	38,989	44,344	-
Operation of Automotive Equipment	3,074	3,012	-
Telecommunications	12,778	9,972	-
Lump Sums and Other Purposes	-	35,828	-
Statewide Hospitalization	9,894	-	-
Replace Telecommunications Systems	325	-	-
TORT Claims	896	5,305	-
Payments to Local Government Employees	373	445	-
Grant to the Illinois Sentencing Policy Advisory Council	518	611	501
Permanent Improvement - Lump Sum	2,634	5,000	-
Lump Sum for Operational Expenses	-	97,489	1,848,161
Back Wage Payments	-	-	41,173
Refunds	3	-	-
Total Expenditures	$ 1,490,519	$ 1,519,356	$ 1,889,835
Balances Lapsed	$ 39,292	$ 965	$ 6,632

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES

(IN THOUSANDS)

For the Fiscal Years Ended June 30,

	2020	2019	2018
Working Capital Revolving Fund - 301			
Expenditure Authority	$ 45,450	$ 44,636	$ 61,570
Expenditures:			
Personal Services	$ 8,029	$ 7,801	$ 7,829
Student, Member and Inmate Compensation	1,477	1,443	1,475
State Contributions to State Employees' Retirement System	4,335	4,016	3,972
State Contributions to Social Security	594	576	582
Group Insurance	1,680	1,963	1,811
Contractual Services	1,196	1,350	1,476
Travel	3	4	5
Commodities	16,524	16,160	18,380
Printing	5	4	5
Equipment	1,123	584	547
Telecommunications Services	19	16	16
Operation of Automotive Equipment	799	1,022	1,004
Permanent Improvement - Lump Sum	11	69	17
Interest - Prompt Payment	172	-	-
Refunds	4	1	1
Total Expenditures	$ 35,971	$ 35,009	$ 37,120
Balances Lapsed	$ 9,479	$ 9,627	$ 24,450
Department of Corrections Reimbursement and Education Fund - 523			
Expenditure Authority	$ 47,000	$ 47,000	$ 47,000
Expenditures:			
Lump Sums and Other Purposes	$ 11,970	$ 28,527	$ 22,257
Total Expenditures	$ 11,970	$ 28,527	$ 22,257
Balances Lapsed	$ 35,030	$ 18,473	$ 24,743
TOTAL APPROPRIATED FUNDS			
Expenditure Authority	$ 1,622,261	$ 1,611,957	$ 2,005,037
Expenditures	$ 1,538,460	$ 1,582,892	$ 1,949,212
Balances Lapsed	$ 83,801	$ 29,065	$ 55,825

SCHEDULE 3
(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES

(IN THOUSANDS)

For the Fiscal Years Ended June 30,

STATE OFFICERS' SALARIES	2020	2019	2018
General Revenue Fund - 001 (State Comptroller)			
Expenditures:			
Director	$ 177	$ 151	$ 150
Assistant Director	-	122	128
Total Expenditures	$ 177	$ 273	$ 278

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records and have been reconciled to the Department's records as of October 31, 2020, October 31, 2019, and October 31, 2018.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: Notwithstanding anything within Public Act 100-0021 and Public Act 100-0586 to the contrary, Public Act 100- 0021 and Public Act 100-0586 authorized the Department to pay for all costs incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures.

SCHEDULE 4

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY

(IN THOUSANDS)

For the Fiscal Years Ended June 30,

	Fiscal Year		
	2020	2019	2018
EXPENDITURE STATISTICS			
All State Treasury Funds			
Total Operations Expenditures:	$ 1,523,497	$ 1,566,414	$ 1,931,581
Percentage of Total Expenditures:	99.0%	99.0%	99.1%
Personal Services	971,547	1,013,315	897,224
Other Payroll Costs	77,150	80,350	71,610
All Other Operating Expenditures	474,800	472,749	962,747
Total Awards and Grants Expenditures:	$ 14,719	$ 15,151	$ 17,090
Percentage of Total Expenditures:	1.0%	1.0%	0.9%
Total Permanent Improvements Expenditures:	$ 235	$ 1,284	$ 354
Percentage of Total Expenditures:	0.0%	0.1%	0.0%
Total Refund Expenditures:	$ 9	$ 43	$ 187
Percentage of Total Expenditures:	0.0%	0.0%	0.0%
GRAND TOTAL - ALL EXPENDITURES:	$ 1,538,460	$ 1,582,892	$ 1,949,212

Note 1: Expenditures were obtained from the State Comptroller records and have been reconciled to the Department records as of October 31, 2020, October 31, 2019, and October 31, 2018.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Schedule 5

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF EXPENDITURES
BY CORRECTIONAL CENTER - ALL FUNDS

For the Fiscal Years Ended June 30, 2020, 2019, and 2018

	Fiscal Year		
	2020	2019	2018
	Public Act 102-0017 and Public Act 101-0637	Public Act 100-0586 and Public Act 101-0007	Public Act 100-0021 and Public Act 100-0586
CORRECTIONAL CENTER:			
Big Muddy River	$ 36,091,179	$ 37,042,496	$ 36,688,383
Centralia	40,084,285	37,265,157	36,897,979
Danville	34,294,044	32,002,860	31,769,994
Decatur	22,417,363	20,253,334	20,032,269
Dixon	75,689,636	70,968,306	69,101,103
East Moline	34,386,620	31,438,645	30,899,487
Elgin	10,350,473	9,862,390	3,181,478
Graham	52,688,936	47,499,907	45,703,867
Hill	35,761,049	32,862,683	33,118,328
Illinois River	40,726,690	37,126,146	35,781,918
Jacksonville	41,046,916	37,994,049	37,917,688
Joliet	34,708,001	29,402,104	17,459,914
Kewanee	17,807,068	16,492,380	15,333,494
Lawrence	47,517,545	43,979,546	43,734,646
Lincoln	24,820,081	23,656,411	23,761,086
Logan	66,119,220	60,390,105	60,264,684
Menard	86,987,001	83,438,350	86,605,824
Murphysboro	9,416,155	8,645,026	3,063,256
Pinckneyville	50,761,930	47,557,418	47,371,822
Pontiac	81,343,161	76,683,136	75,276,617
Robinson	28,796,573	25,768,986	26,323,605
Shawnee	37,449,588	34,306,506	35,189,910
Sheridan	49,967,608	47,774,439	48,099,300
Southwestern Illinois	26,441,453	26,830,439	26,733,809
Stateville	129,095,813	118,310,089	117,159,957
Taylorville	29,604,939	27,202,032	26,964,177
Vandalia	36,195,691	33,769,522	33,545,347
Vienna	37,911,500	36,094,588	37,376,914
Western Illinois	40,061,606	37,479,314	37,627,098
Total	$ 1,258,542,124	$ 1,172,096,364	$ 1,142,983,954

Note 1: The information reflected in this schedule for Fiscal Year 2018 was taken from Department records and were not available from the State Comptroller's record since appropriations were not made for each correctional center.

Note 2: Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF EXPENDITURES
BY CORRECTIONAL CENTER - ALL FUNDS

For the Fiscal Years Ended June 30, 2020, 2019, and 2018

Note 3: During Fiscal Year 2018, the Department operated without enacted appropriations until Public Act 100-0021 and Public Act 100-0586 were signed into laws on July 6, 2017 and June 4, 2018, respectively. During the impasse, the Department incurred non-payroll obligations, which the Department was unable to pay until the passage of Public Act 100-0021 and Public Act 100-0586.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND DEPOSITS INTO THE STATE TREASURY

SCHEDULE 6

For the Fiscal Year Ended June 30,

	2020	2019	2018
STATE TREASURY FUND(S)			
General Revenue Fund - 001			
Receipt Sources:			
General Office:			
Jury Duty	$ 1,375	$ 2,217	$ 27,809
Prior Year Refunds	154,180	29,164	90,118
Miscellaneous	183,899	34,235	125,828
Adult Field Services:			
Prior Year Refunds	4	986	-
Correctional Centers:			
Jury Duty	6,247	5,595	5,631
Dormant Trust Accounts	30,590	56,214	107,954
Copy Fees, Subpoena Fees, and Contraband	1,518	1,344	1,268
Rent, Phone Calls, Pallets, and Recycling	14,214	13,247	14,516
Witness Fees	882	1,185	1,531
Replacement Badges	3,556	3,018	1,496
Prior Year Refunds	1,411	-	-
Miscellaneous	5,112	5,539	690
Total Receipts, per the Agency's Records	$ 402,988	$ 152,744	$ 376,841
Receipts, per the Agency's Records	$ 402,988	$ 152,744	$ 376,841
Deposits in Transit, Beginning of the Fiscal Year	-	-	-
Deposits in Transit, End of the Fiscal Year	-	-	-
Other Adjustments	(11,067)	(759)	(18,716)
Deposits, Recorded by the State Comptroller	$ 391,921	$ 151,985	$ 358,125
Working Capital Revolving Fund - 301			
Receipt Sources:			
Receipts from Sales of Products	$ 32,739,907	$ 38,406,624	$ 30,154,220
Rent from Farm Leases	636,495	681,569	690,761
Proceeds from Sales of Equipment	8,461	32,159	43,692
Miscellaneous	-	279,811	25
Jury Duty	20,000	92	33
Prior Year Refunds	36	25,935	146
Total Receipts, per the Agency's Records	$ 33,404,899	$ 39,426,190	$ 30,888,877
Receipts, per the Agency's Records	$ 33,404,899	$ 39,426,190	$ 30,888,877
Deposits in Transit, Beginning of the Fiscal Year	70,138	49,911	143,104
Deposits in Transit, End of the Fiscal Year	(50,795)	(70,138)	(49,911)
Held Intergovernmental Payments, Beginning	(18,392,938)	(32,067,582)	(9,042,212)
Held Intergovernmental Payments, Ending	20,437,112	18,392,938	32,067,582
Budgetary Refunds	2,000	2,000	2,000
Other Adjustments	-		642
Deposits, Recorded by the State Comptroller	$ 35,470,416	$ 25,733,319	$ 54,010,082

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS INTO THE STATE TREASURY

SCHEDULE 6

For the Fiscal Year Ended June 30,

	2020	2019	2018
Department of Corrections Reimbursement Fund - 523			
Receipt Sources:			
Court ordered reimbursement	$ -	$ -	$ 66,717
Inmate maintenance work release	1,478,938	1,687,373	1,157,842
Illinois Department of Public Health	75,659	-	-
Library reimbursement	132,887	141,626	122,223
Inmate reimbursement - miscellaneous	488,881	839,784	797,149
Recovered workers' compensation	-	-	-
U.S. Department of Justice	7,816,194	6,881,490	1,058,050
Illinois Criminal Justice Information Authority	63,432	802,304	712,557
Electronic device monitoring	2,423	1,994	418
Illinois Department of Human Services	-	-	-
Private organizations	1,556,232	902,072	589,824
College tuition reimbursement	-	495	-
U.S. Social Security Administration	116,800	109,100	187,455
Illinois Community College Board	1,697,544	2,469,003	3,015,456
Telephone commissions	-	-	8,615,918
Illinois Emergency Management Agency	-	-	-
Inmate commissary sales profit	7,394,657	6,401,189	2,566,193
University of Illinois	-	-	-
Reimbursements	210,208	326,210	349,617
Miscellaneous	124,043	358,044	280,335
Repayment pursuant to law	-	-	-
Other Illinois State Agency-General Revenue Fund	-	-	-
Department of Commerce and Economic Opportunity	-	-	-
Prior year refunds	-	1,100	13,286
Total Receipts, per the Agency's Records	$ 21,157,898	$ 20,921,784	$ 19,533,040
Receipts, per the Agency's Records	$ 21,157,898	$ 20,921,784	$ 19,533,040
Deposits in Transit, Beginning of the Fiscal Year	-	-	-
Deposits in Transit, End of the Fiscal Year	-	-	-
Other Adjustments	(599,638)	(4,031)	608,887
Deposits, Recorded by the State Comptroller	$ 20,558,260	$ 20,917,753	$ 20,141,927
Budget Stabilization Fund - 686			
Receipt Sources:			
Prior Year Refunds	$ 14	$ 729	$ 22,895
Total Receipts, per the Agency's Records	$ 14	$ 729	$ 22,895
Receipts, per the Agency's Records	$ 14	$ 729	$ 22,895
Deposits in Transit, Beginning of the Fiscal Year	(14)	-	-
Deposits in Transit, End of the Fiscal Year	-	14	-
Deposits, Recorded by the State Comptroller	$ -	$ 743	$ 22,895

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS INTO THE STATE TREASURY

SCHEDULE 6

For the Fiscal Year Ended June 30,

	2020	2019	2018
GRAND TOTAL - ALL FUND(S)			
Receipts, per the Agency's Records	$ 54,965,799	$ 60,501,447	$ 50,821,653
Deposits in Transit, Beginning of the Fiscal Year	70,124	49,911	143,104
Deposits in Transit, End of the Fiscal Year	(50,795)	(70,124)	(49,911)
Held Intergovernmental Payments, Beginning	(18,392,938)	(32,067,582)	(9,042,212)
Held Intergovernmental Payments, Ending	20,437,112	18,392,938	32,067,582
Budgetary Refunds	2,000	2,000	2,000
Other Adjustments	(610,705)	(4,790)	590,813
Deposits, Recorded by the State Comptroller	$ 56,420,597	$ 46,803,800	$ 74,533,029

Notes:

(A) Other adjustments include timing in recording transactions between the State Comptroller and the Department.

(B) Held Intergovernmental Payments include outstanding payments due to the Department from other State agencies.

(C) Budgetary Refunds include State Comptroller adjustments during the GAAP preparation process.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF LOCALLY-HELD FUNDS

(IN THOUSANDS)

For the Fiscal Year Ended June 30, 2020

	2020	2019	2018 (UNAUDITED)
LOCALLY-HELD FUNDS			
Commissary Fund - 1127			
Balance, Beginning of the Fiscal Year	$ 10,006	$ 8,755	$ 6,220
Receipts	60,684	61,446	54,423
Disbursements	61,809	60,195	51,888
Balance, End of the Fiscal Year	$ 8,881	$ 10,006	$ 8,755
Resident's & Employee's Benefit Fund - 1129			
Balance, Beginning of the Fiscal Year	$ 13,881	$ 8,979	$ 8,431
Receipts	6,741	8,377	4,272
Disbursements	3,435	3,475	3,724
Balance, End of the Fiscal Year	$ 17,187	$ 13,881	$ 8,979
Inmate Trust Fund - 1131			
Balance, Beginning of the Fiscal Year	$ 12,282	$ 12,265	$ 7,748
Receipts	83,519	83,837	77,316
Disbursements	82,117	83,820	72,799
Balance, End of the Fiscal Year	$ 13,684	$ 12,282	$ 12,265
Travel and Allowance Revolving Fund - 1405			
Balance, Beginning of the Fiscal Year	$ 270	$ 255	$ 188
Receipts	342	467	516
Disbursements	368	452	449
Balance, End of the Fiscal Year	$ 244	$ 270	$ 255
Moms and Babies Fund - 1407			
Balance, Beginning of the Fiscal Year	$ 2	$ 1	$ 1
Receipts	2	2	1
Disbursements	2	1	1
Balance, End of the Fiscal Year	$ 2	$ 2	$ 1

Note 1: These balances were obtained from the Department's records and have been reconciled to the Department's *Report of Receipts and Disbursements for Locally Held Funds* for each locally held fund submitted to the Office of State Comptroller as of June 30, 2020, and June 30, 2019.

Note 2: This schedule is presented on the cash basis of accounting.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF CHANGES IN PROPERTY
For the Two Years Ended June 30, 2020

(IN THOUSANDS)

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
FISCAL YEAR 2020					
Property					
Land and Land Improvements	$ 60,853	$ -	$ -	$ (3,601)	$ 57,252
Site Improvements	92,549	165	36,914	(3,598)	52,202
Buildings and Building Improvements	1,575,346	36,923	7,201	(24,367)	1,580,701
Equipment	145,400	11,079	1,156	(1,772)	153,551
Total	$ 1,874,148	$ 48,167	$ 45,271	$ (33,338)	$ 1,843,706
Capital Leases					
Buildings and Building Improvements	$ -	$ -	$ -	$ -	$ -
Equipment	704	910	310	-	1,304
Total	$ 704	$ 910	$ 310	$ -	$ 1,304

Note 1: These balances were obtained from the Department's records and have been reconciled to the Department's quarterly *Agency Report of State Property* reports submitted to the Office of State Comptroller for the year ended June 30, 2020.

Note 2: This schedule was prepared from State property records as required by the Illinois Administrative Code (Code) and the Statewide Accounting Management System (SAMS). The capitalization policy required by the Code and SAMS is different from the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles (GAAP).

Note 3: Certain deficiencies related to the maintenance of the Department's records were noted in the financial audit and compliance examination. See Findings 2020-002, 2020-004, and 2020-010.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF CHANGES IN PROPERTY
For the Two Years Ended June 30, 2020

(IN THOUSANDS)

	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
FISCAL YEAR 2019					
Property					
Land and Land Improvements	$ 60,853	$ -	$ -	$ -	$ 60,853
Site Improvements	92,530	19	-	-	92,549
Buildings and Building Improvements	1,557,154	89	-	18,103	1,575,346
Equipment	148,630	2,579	3,972	(1,837)	145,400
Total	$ 1,859,167	$ 2,687	$ 3,972	$ 16,266	$ 1,874,148
Capital Leases					
Buildings and Building Improvements	$ -	$ -	$ -	$ -	$ -
Equipment	4,167	330	3,793	-	704
Total	$ 4,167	$ 330	$ 3,793	$ -	$ 704

Note 1: These balances were obtained from the Department's records and have been reconciled to the Department's quarterly *Agency Report of State Property* reports submitted to the Office of State Comptroller for the year ended June 30, 2019.

Note 2: This schedule was prepared from State property records as required by the Illinois Administrative Code (Code) and the Statewide Accounting Management System (SAMS). The capitalization policy required by the Code and SAMS is different from the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles (GAAP).

Note 3: Certain deficiencies related to the maintenance of the Department's records were noted in the financial audit and compliance examination. See Findings 2020-002, 2020-004, and 2020-010.

(UNAUDITED)

MISSION STATEMENT

To serve justice in Illinois and increase public safety by promoting positive change in behavior, operating successful reentry programs, and reducing victimization.

VISION

- We will operate safe, secure, and humane correctional facilities.
- We will provide quality services to those who require medical and mental health treatment.
- We will evaluate people in custody individually and develop an appropriate course of action based on individual needs.
- We will reduce recidivism by offering seamless, efficient services that are geared toward rehabilitation.
- Staff is our greatest asset and we will ensure that all staff is trained to the highest professional level.
- This is a team-based environment where open communication and sharing new ideas are encouraged.
- We value the well-being of IDOC staff and individuals and will serve the people of Illinois with compassion and fairness.

OUR GUIDING PRINCIPLES

- Operate our facilities and parole units safely and securely.
- Invest in our staff development and wellness to promote a healthy and professional workforce.
- Streamline our efforts to improve cognitive, education, job readiness, and higher education programming.
- Create meaningful Reentry pathways for individuals returning to society through collaborative partnerships with other State agencies and community partners.
- Sustain Fiscal responsibility with our budget and capital projects to ensure our population is provided with quality healthcare, adequate living conditions, and afforded daily quality of life essentials.

ORGANIZATION

The Department of Corrections (Department) was established in 1970 and operates under the powers and duties established by the Unified Code of Corrections (Code) (730 ILCS 5). Effective June 1, 2006, Public Act 94-0696 established the Department of Juvenile Justice. This Act transferred certain rights, powers, duties, and functions that were exercised by the Juvenile Division of the Department. Effective July 1, 2006, the Department's school district was transferred to the Department of Juvenile Justice. The Department retained the Adult Education and Vocational Services area which provides services to the adult population.

Effective August 14, 2015 through May 19, 2019, John Baldwin served as the Acting Director of the Illinois Department of Corrections. The current Director, Rob Jeffreys, assumed leadership of the Department on June 1, 2019.

As of the report date, the Department operated the following Correctional Centers, which are listed by security level:

Security Level	Center Name
Maximum	Logan, Menard*, Pontiac**, and Stateville***
Medium	Big Muddy River, Centralia, Danville, Dixon****, Graham, Hill, Illinois River, Lawrence, Pinckneyville, Shawnee, Sheridan, and Western Illinois
Minimum	Decatur, East Moline, Jacksonville, Lincoln, Murphysboro, Robinson, Southwestern Illinois, Taylorville, Vandalia, and Vienna
Work Camp	East Moline, Jacksonville (Greene County and Pittsfield), Southwestern Illinois, and Western Illinois (Clayton)
Impact Incarceration Program	Pinckneyville (DuQuoin) and Vienna (Dixon Springs)
Transitional	Crossroads Adult Transition Center, Fox Valley Adult Transition Center, North Lawndale Adult Transition Center, and Peoria Adult Transition Center
Multi-Classification Center	Elgin, Joliet, and Kewanee

*- also includes Medium Security Unit
** - also includes Medium Security Unit and Mental Health Unit
*** - also includes Minimum Security Unit
**** - also includes Psychiatric Unit and Special Treatment Center

INTERNAL ORGANIZATION

The Department is comprised of several teams and divisions, such as:

- Bureau of Operations – Led by Chief John Eilers, Operations handles the Department's security, safety, maintenance and sanitation, management and movement of individuals in custody, classification, transfers, reception and orientation, special issues and field operations. Under the leadership of Chief Eilers, and that of his regional deputies, the Operations team has been able to implement a new restrictive housing policy, that is, for the first time, statewide and uniform in its implementation. The Operations team has been critical to the implementation of this new policy, which has led to consistent decreases in the Department's restrictive housing population. The team has also worked on rolling out a new unit management plan, meant to facilitate more collaboration between staff in facilities and lead to better care of the incarcerated population.

- Parole – Led by Chief Jason Garnett, the Parole Division addresses public safety through the appropriate application and management of community supervision. It tracks and enforces conditions of mandatory supervised release (MSR) through and graduated sanctions. Parole has also led the adoption of a new risk assessment toll for the MSR population, allowing the team to more appropriately tailor supervision levels based on risk to recidivate. Parole has also made increased use of remote check-ins more common, in part to mitigate the risk of spreading COVID-19.
- Program and Support Services – Overseen by Chief Alyssa Williams, the Programs team is responsible for providing a continuum of service for those committed from the point of incarceration to discharge from parole by providing consistent and effective programs for them to become productive members of society upon release. Increasingly, these programs are based in evidence on what is effective in improving life outcomes and reducing recidivism. Under the leadership of Chief Williams, the Programs and Support Services team formed a new Re-entry Unit. This unit is responsible for managing the transition between incarceration and the community and better preparing individuals for this challenge. The Programs teams has also begun implementing a new Risk and Needs Assessment that will allow IDOC to offering programming according to the principle of risk/needs responsivity.
- Office of Health Services – Overseen by Dr. Steven Bowman, the Office of Health Services is responsible for managing the physical and mental health of the incarcerated population. In 2020, OHS has been central in guiding IDOC's response to the COVID-19 pandemic. This office now also oversees and include all positions relative to healthcare. The areas that now report to OHS include Health Services, Mental Health Services, Chief of Psychiatry, and Chief of Dentistry. This realignment ensures the Department maintains compliance with the Lippert Consent Decree and ensure all necessary medical and mental health services are provided to the individuals in custody.
- Legal Services – Led by General Counsel Robert Fanning, the mission of Legal Services is to provide department administrators with legal advice and counsel on an array of issues, coordinate legal representation with the Office of the Attorney General, review proposed legislation, assist assistant attorneys general with discovery and case management, train staff on legal issues, respond to correspondence, handle Human Rights matters and a host of other various assignments. The department attorneys address issues involving staff, individuals in custody, personnel, fiscal, medical and numerous other areas. The attorneys are full-time dedicated professionals who strive to provide proper guidance to the department in a manner that will assure individuals in custody of their constitutional right.
- Women and Family Services Division – Led by Chief Tangenise Porter, the Women's Division is responsible for ensuring that the unique needs of incarcerated women are treated with the same attentiveness and professionalism as the needs of the male population. This team helps to oversee the Department's female facilities and works to ensure that training, programming, and staffing are all gender responsive.

- Adult Institutions/Adult Transition Centers – The institutions, which include the Adult Transition Centers are the backbone of IDOC and include all locations that house the incarcerated population. They seek to reduce recidivism by supporting the efforts of people with criminal records to become employed, law-abiding members of the community.
- General Office The function of the General Office is to provide support services to all the Department's facilities and divisions. This includes establishing and monitoring budget activities, capital planning, accounting services, and data processing. The General Office performs other functions as necessary to meet the provisions of the Code; as well as provides administrative and services to the Department of Juvenile Justice, Prisoner Review Board, Illinois State Police, Office of the State Fire Marshal and Illinois Criminal Justice Information Authority as detailed in various interagency agreements that make-up Public Safety Shared Services.

STRATEGIC PLANNING AND PRIORITIES

Since September of 2019, the Department has adopted an agency-wide strategic planning and performance reporting platform that it updates and reviews every month. Through its monthly strategic workplans, IDOC leadership can monitor the progress of each vertical within the Department and track progress on different mission critical reforms.

The strategic workplan is comprised of numerous goals, such as reducing recidivism, reducing the overall population size, or improving the quality of medical and mental health care. Under each goal is a set of strategies to achieve those goals. For example, a strategy for achieving reductions in recidivism is the adoption and implementation of a state-of-the-art risk and needs assessment. Each strategy is then underpinned by a set of "milestones for implementation" which layout clear deadlines for the intermediate steps required to realize each strategy. Finally, each strategy is also associated with a set of "indicators of success" which are data points collected each month (or in some cases each week) which allow the Department to track its progress through dashboards. The structure: goal, strategies, milestones, and indicators, undergirds each section of the strategic workplan.

Reflected throughout the 2019 and 2020 strategic workplans is the Department's commitment to review and update *every policy every year*. Entering 2019, the Department had numerous administrative directives that were 10 or even 20 years old. Under new guidance, IDOC has undertaken the major initiative of revising and updating these goals. As part of this effort, the Department has emphasized connecting new policies to the national standards set by the American Correctional Association (ACA).

OFFICE OF ADULT EDUCATION AND VOCATIONAL SERVICES (OAEVS)

The mission of OAEVS is to enhance the quality and scope of education for individuals in custody within the Illinois Department of Corrections (IDOC) consistent with age, commitments, and sentence by ensuring that the state and federal resources are appropriately used in aiding committed persons to restore themselves to constructive and law-abiding lives in the community.

Since January 1, 1987, all individuals committed to IDOC for two or more years, except those serving life sentences, take the Test of Adult Basic Education (TABE) to determine their academic level. In Fiscal year 2020, 8,115 individuals in custody were tested at intake with 5,140 individuals scoring below the sixth-grade level. Individuals are also eligible for Earned Program Service Credit (EPSC).

Adult Basic Education (ABE) is a critical component in the education programming of OAEVS. ABE is mandatory for all individuals scoring below 6.0 on the TABE test. Mandatory ABE students must attend a minimum of 90 days of instruction. The ABE core curriculum provides instruction in basic reading, writing, mathematics, and life skills. The program is designed to provide students with a base of skills and knowledge that will prepare them for additional academic/vocational instruction and subsequent employment.

The OAEVS oversees the following:

- Adult Basic Education (ABE) *(including the Test of Adult Basic Education (TABE))*
- Adult Secondary Education (ASE)
- Vocational Education
- High School Equivalency (HSE) Testing Program
- Life Skill Referral Centers
- Library Services
- Grants

TABE Testing at Intake

	Fiscal Year		
	2020	2019	2018
Individuals Tested at Intake	8,115	12,685	12,892
Individuals Scoring Below a 6.0	5,140	6,549	5,055
Percentage	63.34%	51.62%	39.21%

Due to COVID -19, the Test of Adult Basic Education (TABE) stopped in March 2020. The trend continues to increase for those individuals scoring below a 6.0 grade level, especially since 2018. This can be attributed to the new Test of Adult Basic Education that is aligned to the College and Career Readiness Standards, which took effect in January 2018 and was implemented for a full fiscal year in 2019.

ABE Completers

	Fiscal Year		
	2020	2019	2018
Number of Students	6,962	8,167	8,323
Individuals Completing ABE	2,927	3,560	3,876
Percentage	42.04%	43.59%	46.57%

Adult Basic Education (ABE) consists of individuals enrolled in Mandatory school (scoring less than a 6.0 GL on the TABE and attending school for 90 days), voluntary school, English as a Second Language (ESL), special education, AEFL and Advanced ABE (voluntary school for student with a grade level equivalent between 6.0 & 7.5 (changed from an 8.5 in FY 2020). In FY 2020, there were 2,238 individuals who achieved above a 6.0 GL in mandatory school. This is 399 more than in FY 2019. During the last quarter of Fiscal Year 2020, enrollments and ABE completions stopped due to the COVID-19 executive orders restricting gathering sizes.

ASE Program

	Fiscal Year		
	2020	2019	2018
Number of Students	812	1,769	2,033
Individuals Completing GED	604	735	723
Percentage	74.38%	41.54%	35.56%

Individuals must have a 8.0 GL or above on the TABE to enroll in the Adult Secondary Education Program (ASE). To be a completer, student's must complete the US Constitution Test, pass the i-Pathways curriculum with a 75%, score a 145 or higher on the Pre-GED test and then pass the GED test with a 145 or higher in Math, Science, Social Studies and Reasoning through Language Arts. During the last quarter of Fiscal Year 2020, enrollments and GED completions stopped due to the COVID-19 executive orders restricting gathering sizes.

Wait List

	Fiscal Year		
	2020	2019	2018
ABE	3,462	5,286	3,053
Advanced ABE	566	1,202	1,467
ASE	104	260	395
Total	4,132	6,748	4,915

Due to COVID-19, the TABE test stopped in March 2020 and students were no longer waitlisted. Students were enrolled off the waitlist and given educational packets to complete. The education program continues to be the top producer of "good time" within the IDOC.

Vocational Information

	Fiscal Year		
	2020	2019	2018
Participants	3,858	5,000	3,508
Completers	2,233	2,438	2,200
Average Waitlist	1,104	1,358	946

Students participated in the following classes: Auto Body, Auto Technology, Barbering, Construction Occupations, Construction Management, Cosmetology, Culinary Arts, Custodial Maintenance, Horticulture, Horticulture Management, Manufacturing Skills, Remedial Bridge, Restaurant Management, Warehousing and Welding. In FY 2020, 58% of the students completed certificates. This is a 10% increase over FY 2019.

Career Technology Class

	Fiscal Year		
	2020	2019	2018
Participants	1,607	1,670	1,519
Completers	1,318	1,460	1,280
Percentage	82.02%	87.43%	84.27%

Career Technology is a 20-day class for individuals which focuses on resume writing, interview skills, and financial literacy. FY 2019 saw the percentage of completers reach a 4-year high.

2 Year Degree

	Fiscal Year		
	2020	2019	2018
Participants	4,994	8,608	5,954
Completers	74	185	151

Due to COVID-19, classes stopped in March 2020. The number of participants is a cumulative total, meaning one student could take all classes offered at a facility. FY 2018 numbers were down because of the Illinois Community College Board (ICCB) reimbursement rates declined along with lingering effects of the budget crisis which effected hiring of staff. FY 2019 saw participants and completers increase due to more classes being offered at various facilities.

Cost Saving to the IDOC

	Fiscal Year		
	2020	2019	2018
Recommended Days Awarded	531,847	587,074	283,923
Potential Dollars Saved	Unknown	$13,114,848	$6,227,890

The number of Recommended Days Awarded saw a significant spike in FY 2019 as this was the first full fiscal year with every individual receiving an Earned Program Service Credit contract for attending school.

Note: The above information is listed in the FY 2020 Annual Report for the Office of Adult Education and Vocational Services. This report can be found on the IDOC website.

SIGNIFICANT OPERATIONAL CHALLENGES

The most significant challenges for the Department as we closed out Fiscal Year 2020 were related to new fiscal processes and our COVID-19 response. In December 2019, the Department went live with Enterprise Resource Planning System for all fiscal operations, i.e. Accounts Payable/Receivable, Property Control (Assets), Contract Management, Budget and Commodity Inventory. While staff were learning a new fiscal system, the Department was involved in a statewide COVID-19 response. We experienced lengthy staff absences as well as staff being pulled to perform duties critical to the ongoing operations of our facilities.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2020

(UNAUDITED)

The Department of Corrections' (Department) explanations for significant fluctuations in expenditures greater than 25% and $250,000 as presented in the Comparative Schedule of Appropriations, Expenditures and Lapsed Balances (Schedule 3) are detailed below.

Fiscal Year 2020 Compared to Fiscal Year 2019

General Revenue Fund – 001

Telecommunications
The 28% increase from Fiscal Year 2019 to Fiscal Year 2020 was due to a large purchase of radios in Fiscal Year 2020.

Lump Sums and Other Purposes
The 100% decrease from Fiscal Year 2019 to Fiscal Year 2020 was due to back pay as a result of step increases that were not paid in the subsequent fiscal year.

Statewide Hospitalization
The 100% increase from Fiscal Year 2019 to Fiscal Year 2020 was due to these expenses paid out of the Lump Sums and Other Purposes appropriation in Fiscal Year 2019.

Replace Telecommunication Systems
The 100% increase from Fiscal Year 2019 to Fiscal Year 2020 was due to expenses related to the upgrade of phone systems at a facility. No projects were completed in Fiscal Year 2019.

TORT Claims
The 83% decrease from Fiscal Year 2019 to Fiscal Year 2020 was due to a decrease in attorney fees agreed to within the Rasho settlement as well as additional court ordered fees.

Permanent Improvement – Lump Sum
The 47% decrease from Fiscal Year 2019 to Fiscal Year 2020 was due to several approved projects not being implemented due to COVID-19 pandemic restrictions and related staff vacancies.

Lump Sum for Operational Expenses
The 100% decrease from Fiscal Year 2019 to Fiscal Year 2020 was due to back pay as a result of step increases that were paid in Fiscal Year 2019 only.

Working Capital Revolving Fund – 301

Equipment
The 92% increase from Fiscal Year 2019 to Fiscal Year 2020 was due to several large purchases, including three new semi-trucks and heat-sealing equipment for mattress manufacturing.

Interest – Prompt Payment
The 100% increase from Fiscal Year 2019 to Fiscal Year 2020 was due to prompt payment being tied to prompt payment detail object code rather than the detail object code of original expense.

Department of Corrections Reimbursement & Education Fund – 523

Lump Sums and Other Purposes
The 58% decrease from Fiscal Year 2019 to Fiscal Year 2020 was due to a decrease in payments for sex offender evaluations, settlement agreements and court-ordered attorney's fees and expenses.

Fiscal Year 2019 Compared to Fiscal Year 2018

General Revenue Fund – 001

Personal Services, Student, Member, Inmate Compensation, Social Security Contributions, Contractual Services, Travel, Travel and Allowance, Offenders, Commodities, Printing, Equipment, Electronic Data Processing, Operation of Automotive Equipment, Telecommunications, Lump Sums and Other Purposes, TORT Claims, Payments to Local Government Employees, and Permanent Improvements – Lump Sum
The 100% increase from Fiscal Year 2018 to Fiscal Year 2019 was due to a reclassification of expenditure object code. During Fiscal Year 2018, General Revenue Fund appropriations were made as a lump sum amount, rather than as individual items as in Fiscal Year 2019.

Lump Sum for Operational Expenses
The 95% decrease from Fiscal Year 2018 to Fiscal Year 2019 was due to back pay as a result of step increases that were paid in Fiscal Year 2018.

Back Wage Payments
The 100% decrease from Fiscal Year 2018 to Fiscal Year 2019 was due to the completion of back wage payments paid out of lump sum and other purposes in Fiscal Year 2019.

Department of Corrections Reimbursement & Education Fund – 523

Lump Sums and Other Purposes

The 28% increase from Fiscal Year 2018 to Fiscal Year 2019 was due to the shift in expenditures from the General Revenue Fund during the budget impasse in Fiscal Year 2019.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2020

(UNAUDITED)

The Department of Corrections' (Department) explanations for significant fluctuations in receipts greater than 25% and $250,000 as presented in the Comparative Schedule of Cash Receipts and Deposits into the State Treasury (Schedule 5) are detailed below.

Fiscal Year 2020 Compared to Fiscal Year 2019

Working Capital Revolving Fund – 301

Miscellaneous
The decrease was due to a Fiscal Year 2019 refund of employer contributions to the Department from the State Employees' Retirement System. The refund was related to a retirement rate change. This receipt did not occur in Fiscal Year 2020.

Department of Corrections Reimbursement Fund – 523

Inmate Reimbursements- Miscellaneous
The decrease was primarily due to the timing and size of inmate reimbursements, which can vary significantly from year to year.

Illinois Criminal Justice Information Authority
The decrease was primarily due to grants that ended in Fiscal Year 2019.

Private Organizations
The increase was primarily due to the timing and size of electronic money deposits to offenders. Electronic money deposits to offenders can vary from month to month and year to year.

Illinois Community College Board
The decrease was primarily due to the timing of grant payments and reimbursements. The majority of the Fiscal Year 2020 Adult Education and Family Literacy (AEFL)- Federal Basic Grant was reimbursed in Fiscal Year 2021 rather than Fiscal Year 2020. In addition, an additional installment of the AEFL Grant was delayed until Fiscal Year 2021.

Fiscal Year 2019 Compared to Fiscal Year 2018

Working Capital Revolving Fund – 301

Receipts from Sales or Products
The increase was primarily due to State agency customers receiving appropriation authority to pay for prior held warrants during Fiscal Year 2019.

Miscellaneous
The increase was due to a Fiscal Year 2019 refund of employer contributions to the Department from the State Employees' Retirement System. The refund was related to a retirement rate change. This receipt did not occur in Fiscal Year 2018.

Department of Corrections Reimbursement Fund – 523

Inmate Maintenance Work Release
The increase was primarily due to the timing and size of receipts. Receipts from work release can vary from year to year.

U.S. Department of Justice
The increase was primarily due to the Department receiving a State Criminal Alien Assistance reimbursement during Fiscal Year 2019. This reimbursement was not received during Fiscal Year 2018.

Private Organizations
The increase was primarily due to the timing and size of electronic money deposits to offenders. Electronic money deposits to offenders can vary from month to month and year to year.

Telephone Commissions
The decrease was due to receipts from telephone commissions occurring during Fiscal Year 2018, but not receiving any telephone commissions during Fiscal Year 2019. Public Act 099-0878 was passed, which limited the amount vendors can charge per minute.

Inmate Commissary Sales Profit
The increase was primarily due to the increase in offender commissary spending. The profit from the offender commissary can vary greatly from year to year depending on overall spending and purchases.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2020

(UNAUDITED)

The Department of Corrections' (Department) explanations for significant Fiscal Years 2020 and 2019 lapse period spending greater than 25% of total expenditures per line item and $250,000 as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for Fiscal Years 2020 and 2019, Schedule 1 and Schedule 2, respectively, are detailed below.

Fiscal Year 2020

General Revenue Fund – 001

Equipment
Lapse Period spending of $929,000 or 66% was due to facility Business Offices processing more vouchers during the extended lapse period due to the COVID-19 pandemic.

Operation of Automotive Equipment
Lapse Period spending of $836,000 or 27% was due to processing issues with budget pushdown, asset shell creation, contract implementation purchase order creation with all financial data not flowing to the Comptroller during the transition to ERP during Fiscal Year 2020. Lapse was used to push through as many expenditures as possible.

Telecommunications
Lapse Period spending of $5,250,000 or 41% was due to processing issues with budget pushdown, asset shell creation, contract implementation purchase order creation with all financial data not flowing to the Comptroller during the transition to ERP during Fiscal Year 2020. Lapse was used to push through as many expenditures as possible.

Permanent Improvement – Lump Sum
Lapse Period spending of $1,403,000 or 53% was due to processing issues with budget pushdown, asset shell creation, contract implementation purchase order creation with all financial data not flowing to the Comptroller during the transition to ERP during Fiscal Year 2020. Lapse was used to push through as many expenditures as possible.

Working Capital Revolving Fund – 301

Equipment
Lapse Period spending of $291,000 or 26% was due to facility personnel processing more vouchers during the extended lapse period due to the COVID-19 pandemic.

Operation of Automotive Equipment
Lapse Period spending of $836,000 or 27% was due to processing issues with budget pushdown, asset shell creation, contract implementation purchase order creation with all financial data not flowing to the Comptroller during the transition to ERP during Fiscal Year 2020. Lapse was used to push through as many expenditures as possible.

Department of Corrections Reimbursement and Education Fund – 523

Lump Sums and Other Purposes
Lapse Period spending of $836,000 or 27% was due to processing issues with budget pushdown, asset shell creation, contract implementation purchase order creation with all financial data not flowing to the Comptroller during the transition to ERP during Fiscal Year 2020. Lapse was used to push through as many expenditures as possible.

Fiscal Year 2019

General Revenue Fund – 001

Commodities
Lapse Period spending of $17,212,000 or 33% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Equipment
Lapse Period spending of $332,000 or 25% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Operation of Automotive Equipment
Lapse Period spending of $890,000 or 30% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Lump Sums and Other Purposes
Lapse Period spending of $28,531,000 or 80% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Permanent Improvement – Lump Sum
Lapse Period spending of $4,132,000 or 83% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Lump Sum for Operational Expenses
Lapse Period spending of $97,489,000 or 100% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Working Capital Revolving Fund – 301

Operation of Automotive Equipment
Lapse Period spending of $308,000 or 30% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

Department of Corrections Reimbursement and Education Fund – 523

Lump Sums and Other Purposes
Lapse Period spending of $21,731 or 76% was due to the Fiscal Year 2019 lapse extended through October 31, 2019, which allowed for processing of liabilities that had accumulated during the budget impasse in prior fiscal years.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
NUMBER OF EMPLOYEES

(UNAUDITED)

For the Fiscal Year Ended June 30,

AVERAGE FULL-TIME EMPLOYEES
By Division and Correctional Center

	2020	2019	2018
General Office	256	263	252
Education Services	184	191	180
Statewide and Field Services	580	560	544
Correctional Centers			
Big Muddy River	323	318	322
Centralia	407	389	397
Danville	314	315	309
Decatur	222	205	207
Dixon	669	667	636
East Moline	316	318	297
Elgin	94	102	65
Graham	476	458	445
Hill	290	292	289
Illinois River	374	350	313
Jacksonville	429	406	406
Joliet	322	284	183
Kewanee	175	173	159
Lawrence	418	409	401
Lincoln	242	231	232
Logan	531	494	499
Menard	910	917	928
Murphysboro	98	102	87
Pinckneyville	451	455	450
Pontiac	847	835	788
Robinson	259	248	255
Shawnee	317	305	303
Sheridan	395	400	377
Southwestern	217	226	223
Stateville	1,103	1,077	1,070
Taylorville	278	254	242

AVERAGE FULL-TIME EMPLOYEES
By Division and Correctional Center

	2020	2019	2018
Correctional Centers			
Vandalia	349	357	357
Vienna	374	373	393
Western Illinois	367	367	376
Total average full-time employees	12,587	12,341	11,985

Note: The table above, prepared from Department of Corrections (Department) records, presents the average number of employees by the divisions and the Correctional Centers (excluding Illinois Correctional Industries) for the fiscal years ended June 30, 2020, 2019, and 2018.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
NUMBER OF EMPLOYEES

(UNAUDITED)

For the Fiscal Year Ended June 30,

AVERAGE FULL-TIME CORRECTIONAL OFFICERS

Correctional Centers	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Big Muddy River	192	214	253
Centralia	263	266	314
Danville	172	205	237
Decatur	111	113	141
Dixon	439	450	495
East Moline	176	201	216
Elgin	62	70	58
Graham	301	303	338
Hill	157	179	220
Illinois River	217	222	238
Jacksonville	252	247	320
Joliet	229	195	136
Kewanee	80	89	102
Lawrence	245	276	321
Lincoln	148	146	178
Logan	357	343	401
Menard	548	555	721
Murphysboro	52	57	72
Pinckneyville	247	283	351
Pontiac	595	613	666
Robinson	155	158	193
Shawnee	172	194	224
Sheridan	233	258	288
Southwestern	137	154	168
Stateville	742	773	860
Taylorville	171	158	177
Vandalia	195	216	262
Vienna	197	213	283
Western Illinois	194	218	298
Total average correctional officers	7,037	7,367	8,531

Note: The table above, prepared from Department records, presents the average number of correctional officers for the fiscal years ended June 30, 2020, 2019, and 2018. Correctional officers are included in the total average full time employees presented above.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
NUMBER OF EMPLOYEES

(UNAUDITED)

For the Fiscal Year Ended June 30,

AVERAGE FULL-TIME EMPLOYEES
Illinois Correctional Industries

Division	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
General Office	16	17	15
Correctional Centers			
Centralia	2	2	2
Danville	4	5	4
Decatur	2	1	2
Dixon	7	7	7
East Moline	6	6	6
Graham	3	2	3
Hill	11	11	11
Illinois River	16	14	15
Lincoln Central Distribution	6	7	7
Lincoln Sign Shop	2	2	2
Logan	2	2	1
Menard	12	12	11
Shawnee	3	4	3
Sheridan	2	1	1
Stateville	1	2	1
Vandalia	8	8	8
Western Illinois	7	7	6
Total average full-time employees	94	93	105

Note: The table above, prepared from Department records, presents the average number of (non-inmate) employees for the Illinois Correctional Industries for the fiscal years ended June 30, 2020, 2019, and 2018.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Maximum Security			
Logan Correctional Center			
Rated Capacity	1,717	1,717	1,106
Average Number of Offenders	1,543	1,678	1,767
Over(Under) Rated Capacity	(174)	(39)	661
Facility Expenditures	$ 66,119,220	$ 60,390,105	$ 60,264,684
Average Annual Cost Per Offender	$ 42,851	$ 35,989	$ 34,106
Average Number of Correctional Officers	357	343	401
Ratio of Correctional Officers to Offenders	1 to 4.32	1 to 4.89	1 to 4.41
Menard Correctional Center			
Rated Capacity	2,614	2,614	3,098
Average Number of Offenders	2,174	2,818	3,165
Over(Under) Rated Capacity	(440)	204	67
Facility Expenditures	$ 86,987,001	$ 83,438,350	$ 86,605,824
Average Annual Cost Per Offender	$ 40,012	$ 29,609	$ 27,364
Average Number of Correctional Officers	548	555	721
Ratio of Correctional Officers to Offenders	1 to 3.97	1 to 5.08	1 to 4.39
Pontiac Correctional Center			
Rated Capacity	1,740	1,740	1,800
Average Number of Offenders	1,156	1,199	1,420
Over(Under) Rated Capacity	(584)	(541)	(380)
Facility Expenditures	$ 81,343,161	$ 76,683,136	$ 75,276,617
Average Annual Cost Per Offender	$ 70,366	$ 63,956	$ 53,012
Average Number of Correctional Officers	595	613	666
Ratio of Correctional Officers to Offenders	1 to 1.94	1 to 1.96	1 to 2.13
Stateville Correctional Center			
Rated Capacity	3,172	3,172	3,162
Average Number of Offenders	2,486	2,785	2,844
Over(Under) Rated Capacity	(686)	(387)	(318)
Facility Expenditures	$ 129,095,813	$ 118,310,089	$ 117,159,957
Average Annual Cost Per Offender	$ 51,929	$ 42,481	$ 41,195
Average Number of Correctional Officers	742	773	860
Ratio of Correctional Officers to Offenders	1 to 3.35	1 to 3.60	1 to 3.31

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Medium Security			
Big Muddy River Correctional Center			
Rated Capacity	1,324	1,324	952
Average Number of Offenders	1,188	1,425	1,676
Over(Under) Rated Capacity	(136)	101	724
Facility Expenditures	$ 36,091,179	$ 37,042,496	$ 36,688,383
Average Annual Cost Per Offender	$ 30,380	$ 25,995	$ 21,890
Average Number of Correctional Officers	192	214	253
Ratio of Correctional Officers to Offenders	1 to 6.19	1 to 6.66	1 to 6.62
Centralia Correctional Center			
Rated Capacity	1,500	1,500	950
Average Number of Offenders	1,245	1,390	1,464
Over(Under) Rated Capacity	(255)	(110)	514
Facility Expenditures	$ 40,084,285	$ 37,265,157	$ 36,897,979
Average Annual Cost Per Offender	$ 32,196	$ 26,809	$ 25,204
Average Number of Correctional Officers	263	266	314
Ratio of Correctional Officers to Offenders	1 to 4.73	1 to 5.23	1 to 4.66
Danville Correctional Center			
Rated Capacity	1,774	1,774	896
Average Number of Offenders	1,631	1,727	1,749
Over(Under) Rated Capacity	(143)	(47)	853
Facility Expenditures	$ 34,294,044	$ 32,002,860	$ 31,769,994
Average Annual Cost Per Offender	$ 21,026	$ 18,531	$ 18,165
Average Number of Correctional Officers	172	205	237
Ratio of Correctional Officers to Offenders	1 to 9.48	1 to 8.42	1 to 7.38
Dixon Correctional Center			
Rated Capacity	2,406	2,406	1,430
Average Number of Offenders	2,210	2,226	2,319
Over(Under) Rated Capacity	(196)	(180)	889
Facility Expenditures	$ 75,689,636	$ 70,968,306	$ 69,101,103
Average Annual Cost Per Offender	$ 34,249	$ 31,882	$ 29,798
Average Number of Correctional Officers	439	450	495
Ratio of Correctional Officers to Offenders	1 to 5.03	1 to 4.95	1 to 4.68

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Medium Security (Continued)			
Graham Correctional Center			
Rated Capacity	1,947	1,947	1,174
Average Number of Offenders	1,817	1,862	1,887
Over(Under) Rated Capacity	(130)	(85)	713
Facility Expenditures	$ 52,688,936	$ 47,499,907	$ 45,703,867
Average Annual Cost Per Offender	$ 28,998	$ 25,510	$ 24,220
Average Number of Correctional Officers	301	303	338
Ratio of Correctional Officers to Offenders	1 to 6.04	1 to 6.15	1 to 5.58
Hill Correctional Center			
Rated Capacity	1,778	1,778	896
Average Number of Offenders	1,641	1,696	1,702
Over(Under) Rated Capacity	(137)	(82)	806
Facility Expenditures	$ 35,761,049	$ 32,862,683	$ 33,118,328
Average Annual Cost Per Offender	$ 21,792	$ 19,377	$ 19,458
Average Number of Correctional Officers	157	179	220
Ratio of Correctional Officers to Offenders	1 to 10.45	1 to 9.47	1 to 7.74
Illinois River Correctional Center			
Rated Capacity	1,926	1,926	1,011
Average Number of Offenders	1,623	1,877	2,002
Over(Under) Rated Capacity	(303)	(49)	991
Facility Expenditures	$ 40,726,690	$ 37,126,146	$ 35,781,918
Average Annual Cost Per Offender	$ 25,093	$ 19,780	$ 17,873
Average Number of Correctional Officers	217	222	238
Ratio of Correctional Officers to Offenders	1 to 7.48	1 to 8.45	1 to 8.41
Lawrence Correctional Center			
Rated Capacity	2,116	2,116	2,257
Average Number of Offenders	2,049	2,006	1,964
Over(Under) Rated Capacity	(67)	(110)	(293)
Facility Expenditures	$ 47,517,545	$ 43,979,546	$ 43,734,646
Average Annual Cost Per Offender	$ 23,191	$ 21,924	$ 22,268
Average Number of Correctional Officers	245	276	321
Ratio of Correctional Officers to Offenders	1 to 8.36	1 to 7.27	1 to 6.12

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Medium Security (Continued)			
Pinckneyville Correctional Center			
Rated Capacity	2,154	2,154	2,434
Average Number of Offenders	1,983	2,065	2,145
Over(Under) Rated Capacity	(171)	(89)	(289)
Facility Expenditures	$ 50,761,930	$ 47,557,418	$ 47,371,822
Average Annual Cost Per Offender	$ 25,599	$ 23,030	$ 22,085
Average Number of Correctional Officers	247	283	351
Ratio of Correctional Officers to Offenders	1 to 8.03	1 to 7.30	1 to 6.11
Shawnee Correctional Center			
Rated Capacity	1,784	1,784	896
Average Number of Offenders	1,585	1,669	1,670
Over(Under) Rated Capacity	(199)	(115)	774
Facility Expenditures	$ 37,449,588	$ 34,306,506	$ 35,189,905
Average Annual Cost Per Offender	$ 23,628	$ 20,555	$ 21,072
Average Number of Correctional Officers	172	194	224
Ratio of Correctional Officers to Offenders	1 to 9.22	1 to 8.60	1 to 7.46
Sheridan Correctional Center			
Rated Capacity	2,044	2,044	1,304
Average Number of Offenders	1,590	1,642	1,741
Over(Under) Rated Capacity	(454)	(402)	437
Facility Expenditures	$ 49,967,608	$ 47,774,439	$ 48,099,300
Average Annual Cost Per Offender	$ 31,426	$ 29,095	$ 27,627
Average Number of Correctional Officers	233	258	288
Ratio of Correctional Officers to Offenders	1 to 6.82	1 to 6.36	1 to 6.05
Western Illinois Correctional Center			
Rated Capacity	1,894	1,894	1,102
Average Number of Offenders	1,651	1,325	1,824
Over(Under) Rated Capacity	(243)	(569)	722
Facility Expenditures	$ 40,061,605	$ 37,479,314	$ 37,627,098
Average Annual Cost Per Offender	$ 24,265	$ 28,286	$ 20,629
Average Number of Correctional Officers	194	218	298
Ratio of Correctional Officers to Offenders	1 to 8.51	1 to 6.08	1 to 6.12

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Minimum Security			
Decatur Correctional Center			
Rated Capacity	676	676	500
Average Number of Offenders	509	506	450
Over(Under) Rated Capacity	(167)	(170)	(50)
Facility Expenditures	$ 22,417,363	$ 20,253,334	$ 20,032,269
Average Annual Cost Per Offender	$ 44,042	$ 40,026	$ 44,516
Average Number of Correctional Officers	111	113	141
Ratio of Correctional Officers to Offenders	1 to 4.59	1 to 4.48	1 to 3.19
East Moline Correctional Center			
Rated Capacity	1,316	1,316	588
Average Number of Offenders	1,179	1,300	1,285
Over(Under) Rated Capacity	(137)	(16)	697
Facility Expenditures	$ 34,386,620	$ 31,438,645	$ 30,899,487
Average Annual Cost Per Offender	$ 29,166	$ 24,184	$ 24,046
Average Number of Correctional Officers	176	201	216
Ratio of Correctional Officers to Offenders	1 to 6.70	1 to 6.47	1 to 5.95
Jacksonville Correctional Center			
Rated Capacity	1,400	1,400	900
Average Number of Offenders	1,078	1,228	1,289
Over(Under) Rated Capacity	(322)	(172)	389
Facility Expenditures	$ 41,046,916	$ 37,994,049	$ 37,917,688
Average Annual Cost Per Offender	$ 38,077	$ 30,940	$ 29,416
Average Number of Correctional Officers	252	247	320
Ratio of Correctional Officers to Offenders	1 to 4.28	1 to 4.97	1 to 4.03
Lincoln Correctional Center			
Rated Capacity	1,000	1,000	500
Average Number of Offenders	956	955	940
Over(Under) Rated Capacity	(44)	(45)	440
Facility Expenditures	$ 24,820,081	$ 23,656,411	$ 23,761,086
Average Annual Cost Per Offender	$ 25,962	$ 24,771	$ 25,278
Average Number of Correctional Officers	148	146	178
Ratio of Correctional Officers to Offenders	1 to 6.46	1 to 6.54	1 to 5.28

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Minimum Security (Continued)			
Murphysboro Correctional Center			
Rated Capacity	240	240	246
Average Number of Offenders	150	95	18
Over(Under) Rated Capacity	(90)	(145)	(228)
Facility Expenditures	$ 9,416,155	$ 8,645,026	$ 3,063,256
Average Annual Cost Per Offender	$ 62,774	$ 91,000	$ 170,181
Average Number of Correctional Officers	52	57	72
Ratio of Correctional Officers to Offenders	1 to 2.88	1 to 1.67	1 to 0.25
Robinson Correctional Center			
Rated Capacity	1,200	1,200	600
Average Number of Offenders	1,092	1,178	1,181
Over(Under) Rated Capacity	(108)	(22)	581
Facility Expenditures	$ 28,796,573	$ 25,768,986	$ 26,323,605
Average Annual Cost Per Offender	$ 26,370	$ 21,875	$ 22,289
Average Number of Correctional Officers	155	158	193
Ratio of Correctional Officers to Offenders	1 to 7.05	1 to 7.46	1 to 6.12
Southwestern Illinois Correctional Center			
Rated Capacity	716	716	600
Average Number of Offenders	573	567	703
Over(Under) Rated Capacity	(143)	(149)	103
Facility Expenditures	$ 26,441,453	$ 26,830,439	$ 26,733,809
Average Annual Cost Per Offender	$ 46,146	$ 47,320	$ 38,028
Average Number of Correctional Officers	137	154	168
Ratio of Correctional Officers to Offenders	1 to 4.18	1 to 3.68	1 to 4.18
Taylorville Correctional Center			
Rated Capacity	1,200	1,200	600
Average Number of Offenders	1,017	1,054	1,159
Over(Under) Rated Capacity	(183)	(146)	559
Facility Expenditures	$ 29,604,939	$ 27,202,032	$ 26,964,177
Average Annual Cost Per Offender	$ 29,110	$ 25,808	$ 23,265
Average Number of Correctional Officers	171	158	177
Ratio of Correctional Officers to Offenders	1 to 5.95	1 to 6.67	1 to 6.55

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Minimum Security (Continued)			
Vandalia Correctional Center			
Rated Capacity	1,230	1,230	1,100
Average Number of Offenders	1,044	1,207	1,281
Over(Under) Rated Capacity	(186)	(23)	181
Facility Expenditures	$ 36,195,691	$ 33,769,522	$ 33,545,347
Average Annual Cost Per Offender	$ 34,670	$ 27,978	$ 26,187
Average Number of Correctional Officers	195	216	262
Ratio of Correctional Officers to Offenders	1 to 5.35	1 to 5.59	1 to 4.89
Vienna Correctional Center			
Rated Capacity	1,132	1,132	925
Average Number of Offenders	977	1,123	1,156
Over(Under) Rated Capacity	(155)	(9)	231
Facility Expenditures	$ 37,911,500	$ 36,094,588	$ 37,376,914
Average Annual Cost Per Offender	$ 38,804	$ 32,141	$ 32,333
Average Number of Correctional Officers	197	213	283
Ratio of Correctional Officers to Offenders	1 to 4.96	1 to 5.27	1 to 4.08
Multi-Security			
Elgin Correctional Center			
Rated Capacity	52	52	44
Average Number of Offenders	23	23	6
Over(Under) Rated Capacity	(29)	(29)	(38)
Facility Expenditures	$ 10,350,473	$ 9,862,390	$ 3,181,478
Average Annual Cost Per Offender	$ 450,021	$ 428,800	$ 530,246
Average Number of Correctional Officers	62	70	58
Ratio of Correctional Officers to Offenders	1 to 0.37	1 to .033	1 to 0.10
Joliet Correctional Center			
Rated Capacity	450	450	486
Average Number of Offenders	196	144	62
Over(Under) Rated Capacity	(254)	(306)	(424)
Facility Expenditures	$ 34,708,001	$ 29,402,104	$ 17,459,914
Average Annual Cost Per Offender	$ 177,082	$ 204,181	$ 281,612
Average Number of Correctional Officers	229	195	136
Ratio of Correctional Officers to Offenders	1 to 0.86	1 to 0.74	1 to 0.46

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Multi-Security (Continued)			
Kewanee Correctional Center			
Rated Capacity	680	680	680
Average Number of Offenders	260	275	149
Over(Under) Rated Capacity	(420)	(405)	(531)
Facility Expenditures	$ 17,807,068	$ 16,492,380	$ 15,333,494
Average Annual Cost Per Offender	$ 68,489	$ 59,972	$ 102,909
Average Number of Correctional Officers	80	89	102
Ratio of Correctional Officers to Offenders	1 to 3.25	1 to 3.09	1 to 1.46
Adult Transition Centers - State-operated			
Fox Valley Adult Transition Center			
Rated Capacity	128	128	100
Average Number of Offenders	20	127	125
Over(Under) Rated Capacity	(108)	(1)	25
Facility Expenditures	$ 2,016,437	$ 3,558,120	$ 3,276,878
Average Annual Cost Per Offender	$ 100,822	$ 28,017	$ 26,215
Average Number of Correctional Officers	22	24	23
Ratio of Correctional Officers to Offenders	1 to 0.91	1 to 5.29	1 to 5.57
Peoria Adult Transition Center			
Rated Capacity	248	248	248
Average Number of Offenders	98	240	186
Over(Under) Rated Capacity	(150)	(8)	(62)
Facility Expenditures	$ 2,253,859	$ 3,616,590	$ 3,495,480
Average Annual Cost Per Offender	$ 22,999	$ 15,069	$ 18,793
Average Number of Correctional Officers	22	25	27
Ratio of Correctional Officers to Offenders	1 to 4.45	1 to 9.60	1 to 9.00

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Fiscal Year Ended June 30,

	2020	2019	2018
CORRECTIONAL FACILITIES			
Adult Transition Centers - Contractual			
Crossroads Adult Transition Center			
Rated Capacity	330	330	350
Average Number of Offenders	96	328	281
Over(Under) Rated Capacity	(234)	(2)	(69)
Facility Expenditures	$ 8,018,852	$ 7,855,649	$ 7,831,851
Average Annual Cost Per Offender	$ 83,530	$ 23,950	$ 27,871
Average Number of Correctional Officers	77	72	72
Ratio of Correctional Officers to Offenders	1 to 1.25	1 to 4.56	1 to 4.67
North Lawndale Adult Transition Center			
Rated Capacity	200	200	200
Average Number of Offenders	69	191	94
Over(Under) Rated Capacity	(131)	(9)	(106)
Facility Expenditures	$ 6,048,215	$ 5,951,990	$ 4,885,092
Average Annual Cost Per Offender	$ 87,655	$ 31,162	$ 51,969
Average Number of Correctional Officers	47	41	42
Ratio of Correctional Officers to Offenders	1 to 1.47	1 to 4.66	1 to 2.88
Grand Total - Entire Department			
Rated Capacity	44,088	44,088	33,135
Average Number of Offenders	36,909	39,931	41,704
Over(Under) Rated Capacity	(7,179)	(4,157)	8,569

Note 1: Total expenditures for each facility were derived from per-offender costs accumulated by the Department's ERP System.

Note 2: The average number of employees was computed by taking the average of the 24 payrolls within each fiscal year.

Note 3: The average number of offenders was computed by taking the average of daily census data.

Note 4: The Fox Valley and Peoria ATC Average Annual Cost per Offender presented in the Fiscal Year 2018 Compliance Examination Report were $24,849 and $22,562, respectively. The differences of $1,366 and ($3,769) were due to adjustments in total expenditures during Fiscal Year 2018.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
COST STATISTICS

(UNAUDITED)

For the Two Years Ended June 30, 2020

Illinois Correctional Industries

COMMODITIES EXPENDITURES

The following is an analysis of commodities expenditures of the Illinois Correctional Industries (Industries) for fiscal years ended June 30, 2020 and 2019.

	Fiscal Year 2020	Fiscal Year 2019
Clothing	$ 1,006,179	$ 1,344,914
Food & Beverage	13,085,372	12,292,467
Recycling	14,232	17,977
Furniture	499,676	550,413
Cleaning & Laundry	998,845	870,510
Eye Glasses	387,000	513,739
Metal Products	134,844	203,211
Other	17,252	37,108
Total Commodities Expenditures	$ 16,143,400	$ 15,830,339

ADMINISTRATIVE COSTS

The following schedule of administrative costs, prepared by the Industries, consists of Central Administration expenses, as well as administrative expenses incurred at each shop for fiscal years ended June 30, 2020 and 2019.

	Fiscal Year 2020	Fiscal Year 2019
Central Administration:		
Marketing	$ 300,833	$ 238,797
Fiscal	690,184	732,320
Chief Executive Office Section	1,074,069	1,043,320
Services	379,591	420,743
Total Administrative Costs	$ 2,444,677	$ 2,435,180

(The Central Administration costs shown above are included in shop costs shown in the next schedule.)

SELLING, GENERAL, AND ADMINISTRATIVE COSTS

The following schedule of Shop Administrative Expenses plus Selling, General, and Administrative Costs, prepared by Industries, consists of Central Administrative expenses from previous schedule, Warehouse and Trucking Selling expenses, and administrative expenses incurred at each shop.

	Fiscal Year 2020	Fiscal Year 2019
Shops:		
Centralia	$ 345,901	$ 320,970
Danville	389,136	290,982
Decatur	114,750	222,721
Dixon	705,128	853,653
East Moline	301,172	336,642
Graham	404,729	354,742
Hill	2,372,307	1,977,733
Illinois River	1,018,015	1,218,384
Lincoln Chair & Sign	74,054	112,942
Logan	8,001	7,474
Menard	1,254,329	1,148,267
Shawnee	249,347	245,436
Sheridan/Stateville	4,219	4,917
Vandalia	1,106,230	938,300
Western	1,327,375	1,368,739
Less Interest and Depreciation Expense	(1,239,370)	(1,064,501)
Total Selling, General, and Administrative Costs	$ 8,435,323	$ 8,337,401
COMPILED OPERATING EXPENSES	$ 34,930,874	$ 34,801,357
Percentage of Selling, General, and Administrative Costs to Total Compiled Operating Expenses (Note 1)	24.15%	23.96%

Note: Discrepancy exists between Compiled Operating Expenses and Total Operating Expenses in the audited financial statements. The Cost Statistics in the previous page is only a subset of Industries' financial expenditures for the fiscal years shown. The Cost Statistics in this page is the financial statements and takes into account appropriated expenditures for the Industries.

Fiscal Year 2020

Threat to Public Health or Safety

Logan Correctional Center

Logan Correctional Center procured the emergency rental of four generators due to electrical damage the facility suffered during a major storm resulting in 20 plus broken power poles causing electrical service failure to several of the facilities buildings. Emergency generators were needed to continue electrical service in the buildings. The Illinois Department of Corrections (IDOC) ultimately paid the vendor, Sunbelt Equipment Rentals, $63,290.

Centralia Correctional Center

Centralia Correctional Center made an emergency call due to the building that houses the electrical system sustained damage from a fire that resulted to water leaking into the electrical switches from heavy rains. IDOC ultimately paid the vendor, FJ Electric, $30,025.

Illinois Department of Corrections

IDOC needed to procure waterproof watch pager, beeper, windows software license and a charger dock from MMcall due to the Holmes settlement, as of Friday May 29, 2020. Court mandated fines have been assessed to IDOC weekly until these items are procured. IDOC was required to provide sensory tactile notification for deaf offenders. Wristwatch pagers provided the features that IDOC needed to achieve those requirements. MMCall software also allowed IDOC to track every pager sent to an offender without additional monthly charges. Tracking was required to defend litigation brought on by offenders and protect IDOC. IDOC ultimately paid Ficek Electric & Communication Systems, Inc., $566,235.

Immediate Repairs Need to Protect Against Loss or Further Destruction of Property

Taylorville Correctional Center

Taylorville Correctional Center needed to repair the damaged of sewer line. The sewer line from manhole 9 to manhole 10 being plugged with a hard grease build up and a broken jetter head stuck in the sewer line. This is to expose the damaged section of the sewer line to retrieve a jetter head and replace the damaged section. IDOC ultimately paid the vendor, Henson Robinson Company, $31,496 to repair the damage and replace the damaged portion of the sewer line.

Vienna Correctional Center

Vienna Correctional Center needed to procure electrical transformers, repairs, and generator rental to restore electrical power to Housing Units 4, 5 and 6. IDOC ultimately paid the vendors, Clinton Electric, Inc. $58,039, Municipal Equipment Company $12,986 and Industrial Supply Consultants $16,277 for a total of $87,303.

Prevent or Minimize Disruption to Critical State Services

Sheridan Correctional Center

The Sheridan Correctional Center received 8 inches of rain at and least one lightning strike from thunderstorms over the weekend of October 1, 2019. These storms caused a power outage that lasted 17 hours. The Center determined the extent of the damage. This constituted a critical life safety situation. IDOC ultimately paid a total of $25,197 to four vendors to repair the damage done by this storm. Vendor number one – Complete Integration and Service, LLC the amount of $12,252, vendor number two – Albrecht Well Drilling, Inc. the amount of $9,898, vendor number three – Stanley Convergent Security Solutions, Inc. the amount of $579 and vendor number four – Grainger the amount of $2,468.

Stateville / Northern Reception Center (NRC) Correctional Center

At Stateville/NRC Correctional Center's boiler and hot water heater had failed. The office of the State Fire Marshall (OSFM) inspected the boiler and ordered immediate repairs to repair cracks. The cracks could not be repaired, and the boiler must be replaced. OSFM gave Stateville 30 days to have the repairs completed to prevent facing OSFM violations and fees. The water heater, which supplies hot water to the offender living quarters, failed and was in need of immediate replacement. IDOC paid XCell Mechanical $39,842 to complete this emergency.

Peoria and Fox Valley Adult Transition Centers (ATC)

Food Services for Peoria and Fox Valley ATC contract had concluded with Aramark. A new vendor was chosen from a competitive solicitation. Aramark was the provider under the just concluded contract and provided food services during the transition to the new vendor. IDOC concluded this emergency with payment to Aramark of $98,288.

Hill Correctional Center

Hill Correctional Center, cable TV services contract expired, and no current contract was in place to provide Cable TV Services to the inmate population. Friendship Cable of Texas DBA Correctional Cable had been providing cable service up and continued use of this vendor would avoid any disruption to cable services provided to offenders while the facility seeks a new contract through the competitive bidding process. IDOC ultimately paid a total of $21,276 to Friendship Cable of Texas DBA Correctional Cable.

Pontiac Correctional Center

Pontiac Correctional Center hot water heater failed at the physical plant on January 31, 2020 and the water could not be kept at a safe temperature. This was an extremely severe situation. IDOC ultimately paid a total of $123,646 to A&R Mechanical Contractors.

<u>Illinois Department of Corrections Statewide for the Inmate Benefit Fund</u>

IDOC declared this emergency on behalf of the Inmate Benefit Fund. The renewals were not completed correctly, and the contract has expired. Services with this vendor must be maintained to prevent or minimize serious disruption in critical state (offender) services of Video Visitation, Tablet Access, Personal Entertainment, Learning Opportunities. The Inmate Benefit Fund ultimately paid a total of $0.00 to Global Tel Link.

<u>Logan Correctional Center</u>

Logan Correctional Center, the dish machine at Logan Correctional Center was broken beyond repair. There was no time to complete a competitive procurement for this equipment before the situation becomes even more critical to facility operations. Removal, replacement, disposal, delivery, and installation of the dish machine in the Logan Dietary Hall. IDOC ultimately paid a total of $0.00 to D. Binder Mechanical due to the emergency extension was not processed before the expiration of the 90 days emergency.

<u>Illinois Correctional Industries</u>

The Illinois Correctional Industries (ICI) needed to purchase pancakes and waffles for customers for nutritional needs. The current vendor for pancakes would not deliver per contract terms and the vendor for waffles would not deliver due to payment issues and wanting to charge ICI for late payment penalties that were not allowable per contract terms. This was the best interests of the State of Illinois due to the cost savings when purchasing in bulk. ICI paid a total of $275,381 to Good Source Solutions, Inc.

<u>Fiscal Year 2019</u>

Threat to Public Health or Safety

<u>Stateville Correctional Center</u>

Stateville Correctional had a serious boiler failure issue that needed to be addressed ASAP. The facility operated off a three-boiler system, two of the boilers were offline thereby causing a significant strain on the final operating boiler. This provided no redundancy, should the one operating boiler fail there would be no hot water. This provided obvious health, sanitation and safety concerns. The facility encompasses both maximum security offenders as well as the northern reception and classification center. IDOC must move forward on this emergency. IDOC ultimately paid the vendor Xcell Mechanical Services, $63,750.

(UNAUDITED)

Immediate Repairs Need to Protect Against Loss or Further Destruction of Property

Stateville Correctional Center

A sewer line has begun leaking in two places and flooding the yard at Stateville Correctional Center. Repairs are needed to fix the leaks and prevent further flooding. Repair of the breaks prevents any fines or disruption of service at the facility. IDOC ultimately paid Austin Tyler Construction, Inc., $44,144.

Prevent or Minimize Disruption to Critical State Services

Illinois Department of Corrections

IDOC is required by the United States Constitution to give access to the courts to inmates. This is accomplished by maintaining collections of legal books in the libraries. Since it is impossible to house all law material in the libraries, it is necessary to have on-line access in order to refer to cases that are not currently available in the correctional law library. Thomson/West Publishing is the only company that can provide an on-line service that coincides with their products that are currently housed in the IDOC law libraries. The information is patented or copyrighted and only available from holder of the patent/copyright. IDOC reviewed titles recommended for prison libraries and found that most titles we need in Illinois to meet with our Constitutional mandate providing access to the courts are only available on Westlaw. Book collections are reduced on sites where Westlaw On-line is available to library staff. Since this is the only source for on-line legal services that coincides with current Thomson/West legal books in the IDOC law libraries, if the request is denied, inmates will not have direct access to the courts. Therefore, IDOC will fail in its Constitutional mandate to provide this for inmates which would result in lawsuits. IDOC ultimately paid a total of $203,085 to West Publishing Corporation.

Vienna Correctional Center

Vienna Correctional Center had 2 heat exchangers, 2 water heaters and 2 variable drives that were either inoperable or in very poor condition, these items were needed to provide heat to Vienna and hot water to Vienna and Shawnee Correctional Centers. These items were located in the facility's M & M building and were housed in an area where there were steam leaks. The repair of the steam leaks; replaced the heat exchangers, water heaters and variable drives; and relocated those items to a nearby location so future steam leaks won't cause erosion of the surrounding equipment. The remaining existing variable drive overheated and went into alarm status last weekend however; the facility maintenance staff was able to temporarily repair the drive. If these repairs were not done as soon as absolutely possible there was potential for both Vienna to have no heat and for Vienna and Shawnee to have no hot water. IDOC ultimately paid Heartland Mechanical Contractors $133,929.

<u>Lawrence Correctional Center</u>

Lawrence Correctional Center had a hot water boiler that had failed. A vendor diagnosed the problem. Once the problem was determined, the vendor began the repairs of the boiler. IDOC ultimately paid A&R Mechanical Contractors $29,512.

<u>East Moline Correctional Center</u>

East Moline Correctional Center currently had a hot water boiler that had failed. A vendor diagnosed the problem. Once the problem was determined, the vendor began repairing the boiler. IDOC ultimately paid Modern Piping, Inc., $32,196.

<u>Logan Correctional Center</u>

The Logan Correctional Center's computerized locking control system in HU#15 was non-operational. Doors must be manually opened due to the failure of the locking control system, putting maximum security and mentally ill offenders at risk that posed a significant risk to the life, health, and safety of both staff and offenders. Capitol Development Board was consulted during the decision-making process and made a recommendation that project should proceed. IDOC ultimately paid Stanley Convergent Security System the sum of $76,750.

<u>Illinois Correctional Industries</u>

ICI – Illinois River was running out of white and wheat flour for the production of various bakery items that they produce for customers. Currently, the bakery has enough flour to last until the second week in October. The current CMS rebid of flour does not close until 9/28/2018 @ 11:am CST. If everything moves through the process perfectly, a contract could be in place by the first week of November. That is best case scenario. The emergency request would get ICI – Illinois River enough inventory to produce items until the middle to end of December (6-8-week supply). IDOC ultimately paid Bianchi Milling Enterprises, Inc., $129,136.

<u>Illinois Correctional Industries</u>

ICI – Illinois River was running out of white and wheat flour for the production of various bakery items that ICI produced for customers. The bakery had not enough flour to last until the second week in February. The existing CMS contract, vendor would not supply product at the stated price differential. The emergency request would get ICI–Illinois River enough inventory to produce items until the beginning of May 2019. IDOC ultimately paid Bianchi Milling Enterprises, Inc., $274,205.

<u>Illinois Correctional Industries</u>

ICI – Hill was approached with an opportunity to purchase a limited supply of grilled chicken breast (4 oz. raw seasoned) for a reduced price of $0.83/lb. This limited quantity would only be available at this price until the supply runs out. Market research showed that similar delivered pricing would be around $2.10-$2.40/lb. IDOC ultimately paid Good Source Solutions, Inc., $394,905.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
HOUSING BENEFITS
For the Two Years Ended June 30, 2020

(UNAUDITED)

The Department of Corrections (Department) houses employees on the grounds of many of its correctional facilities in guard dormitories or houses/trailers. The rent is assessed based, minimally at least once every three years, on publicly available data related to the fair market value for residential square footage in the area. While the Department initially pays for the utilities and maintenance, the employees pay a monthly fee that includes utility charges. As a result of this lodging arrangement, the Department includes a taxable fringe benefit within these employees' wages. The Department does not provide housing to non-employees.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
ASSAULTS ON STAFF

(UNAUDITED)

For the Two Fiscal Years Ended June 30,

	2020	2019	2018
SECURITY CLASSIFICATION			
Maximum Security			
Menard Correctional Center	51	49	26
Pontiac Correctional Center	224	237	214
Stateville Correctional Center	77	58	71
Total	352	344	311
Medium Security			
Big Muddy River Correctional Center	5	11	9
Centralia Correctional Center	1	0	2
Danville Correctional Center	12	8	6
Graham Correctional Center	6	4	3
Hill Correctional Center	25	35	20
Illinois River Correctional Center	18	26	12
Lawrence Correctional Center	32	36	50
Pinckneyville Correctional Center	33	20	24
Shawnee Correctional Center	6	9	17
Sheridan Correctional Center	7	10	5
Western Illinois Correctional Center	33	20	19
Total	178	179	167
Minimum Security			
Decatur Correctional Center	0	1	2
East Moline Correctional Center	12	8	18
Jacksonville Correctional Center	3	1	3
Lincoln Correctional Center	0	1	2
Robinson Correctional Center	2	2	2
Southwestern Illinois Correctional Center	0	0	0
Taylorville Correctional Center	1	1	1
Vandalia Correctional Center	9	6	13
Vienna Correctional Center	2	4	4
Total	29	24	45
Multi-Security			
Dixon Correctional Center	164	144	177
Logan Correctional Center	25	49	59
Elgin Treatment Center	12	29	0
Joliet Treatment Center	21	8	0
Kewanee Life Skills Reentry Center	0	0	0
Total	222	230	236

Note 1: The numbers listed in the 2018 column above were inadvertently listed under the Fiscal Year 2017 header in the Fiscal Year 2018 Compliance Report. In addition, the number of assaults on staff at the Sheridan Correctional Center was incorrectly listed as 9 in the Fiscal Year 2018 Compliance Report. The actual number was 5, which has been corrected above.

Note 2: Murphysboro Life Skills Reentry Center is a satellite facility of the Pinckneyville Correctional Center. As such, the assaults on staff for this location is included in the counts listed above for Pinckneyville Correction Center.

(UNAUDITED)

The Governor, in response to the COVID-19 pandemic, issued sequential Gubernatorial Disaster Proclamations from March 12, 2020, through June 30, 2020. These proclamations allowed the Department of Corrections (Department) to waive the requirements of the Illinois Procurement Code to the extent the requirement (1) would have, in any way, prevented, hindered, or delayed necessary action to cope with the COVID-19 pandemic and (2) was not required by federal law. The following procurements were all processed under this waiver granted by the Governor.

Fiscal Year 2020

Personal Protective Equipment

The Department identified a need for personal protective equipment to mitigate the spread of COVID-19, as well as meet the anticipated surge of offenders and staff testing positive during the COVID-19 pandemic. The Department ultimately paid its vendors $97,029.92 as follows:

- Key Surgical face shields $820.00
- Charm-Tex shoe covers $33,330.80
- Cascade Health Solutions gowns $64.32
- BHL gowns $2,699.00
- Sterling Medical face masks $22,000.00
- Occup Training & Supply face masks $780.00
- Charm-Tex gloves $17,475.00
- Cusumano & Sons gloves $551.00
- Charm-Tex hairnet $19,309.80

Thermometers

The Department identified a need for thermometers to mitigate the spread of COVID-19. The Department ultimately paid its vendors $11,104.75 as follows:

- Medco $1,355.40
- GALCO Ind. Electronics $9,749.35

Trash Bags & Cans

The Department identified a need for trash bags and cans due to the increased disposal of personal protective equipment used to mitigate the spread of COVID-19. The Department ultimately paid its vendors $90,604.36 as follows:

- Industrial Supply Consultants $19,140.00
- Extra Package $16,130.00
- Charm-Tex $28,170.00
- Shelby County $55,305.00

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
DISCLOSURE OF EMERGENCY PURCHASES
UNDER THE GUBERNATORIAL COVID-19 DISASTER PROCLAMATIONS
For the Two Years Ended June 30, 2020

(UNAUDITED)

Bread & Cookies
The Department identified a need for loaves of bread due to the shutdown of the Illinois Correctional Industries at Illinois River CC due to COVID-19. The Department ultimately paid MJ Kellner $991,298.00.

Sanitizing Wipes
The Department identified a need for sanitizing wipes to mitigate the spread of COVID-19. The Department ultimately paid its vendors $78,774.75 as follows:

- Charm-Tex $78,705.00
- Cusumano & Sons $69.75

Hand Sanitizer
The Department identified a need for hand sanitizer to mitigate the spread of COVID-19. The Department ultimately paid its vendors $18,238.50 as follows:

- ZEP $17,846.50
- Cusumano & Sons $392.00

Paper Towels
The Department identified a need for paper towels to mitigate the spread of COVID-19. The Department ultimately paid Shelby County $20,600.00.

Body Bags
The Department identified a need for body bags due to the spread of the COVID-19 pandemic. The Department ultimately paid Body Bag Store $6,467.00.

Hand Soap
The Department identified a need for hand soap to mitigate the spread of COVID-19. The Department ultimately paid its vendors $68,670.00 as follows:

- Charm-Tex $56,900.00
- IN Corr Industries $11,770.00

Styrofoam Trays
The Department identified a need for Styrofoam trays to mitigate the spread of COVID-19. The Department ultimately paid its vendors $103,391.20.

- MJ Kellner $26,163.20
- Shelby County $77,228.00

Serving Trays & Lids

The Department identified a need for serving trays and lids to mitigate the spread of COVID-19. The Department ultimately paid its vendors $106,932.07 as follows:

- Design Specialties $24,624.00
- Cooks Correctional $31,316.80
- MJ Kellner $50,991.27

Tissue

The Department identified a need for facial tissue to mitigate the spread of COVID-19. The Department ultimately paid Chicago Green Office Company $3,450.00.

Tents

The Department identified a need for 12x12 tents to be placed outside of doorways for proper areas for staff donning and doffing of personal protection equipment. The Department ultimately paid Menards $30,799.30.

Bleach, Cleaners & Disinfectants

The Department identified a need for bleach, various cleaners and disinfectants to mitigate the spread of COVID-19. The Department ultimately paid its vendors $99,225.05 as follows:

- Charm-Tex $44,511.80
- Zep $54,713.25

Radios & related Equipment

The Department identified a need to replace handheld radios so that clear communication would be possible across entire facilities. The Department ultimately paid Motorola, $3,665,424.75.

Food Service Film

The Department identified a need for food service film/plastic wrap for proper transporting of food during the COVID-19 pandemic. The Department ultimately paid its vendor $16,025.50 as follows:

- Cooks Correctional $11,268.00
- Shelby County $4,757.50

Polycarbonate

The Department identified a need for polycarbonate to mitigate the spread of COVID-19. The Department ultimately paid Liard Plastics $28,300.00.

Pens

The Department identified a need for getting pens to offenders so they could write letters home during the COVID-19 pandemic. The Department ultimately paid its vendor, Bob Barker, $644.76.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
PARTICIPATING EDUCATIONAL INSTITUTIONS
For the Two Years Ended June 30, 2020

(UNAUDITED)

The Department of Corrections provided post-secondary academic and vocational training programs to enrolled offenders at educational facilities through contractual agreements with the following colleges during the audit period:

Educational Institution	Educational Facilities Served
Lake Land Community College	Big Muddy River, Decatur, Dixon, East Moline, Graham, Hill, Illinois River, Jacksonville, Joliet Treatment Center, Kewanee Life Skills Re-entry Center, Lawrence, Lincoln, Logan, Murphysboro Life Skills Re-entry Center, Pinckneyville, Robinson, Shawnee, Sheridan, Southwestern Illinois, Taylorville, Vandalia, Vienna and Western Illinois
Kaskaskia Community College	Centralia
Danville Area Community College	Danville

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
WORKING CAPITAL REVOLVING FUND ACTIVITY
For the Two Years Ended June 30, 2020

(UNAUDITED)

The following is a summary of overall activity in the Working Capital Revolving Fund for the fiscal years ended June 30, 2020 and 2019.

	Fiscal Year 2020	Fiscal Year 2019
Gross profit	$ 32,864,120	$ 32,116,314
Selling, general, and administrative expenses	35,446,067	34,561,829
Operating income (loss)	(2,581,947)	(2,445,515)
Other expenses, net	(74,786)	97,541
Net income (loss)	(2,656,733)	(2,347,974)
Net assets, beginning of year	30,944,574	33,292,548
Net assets, end of year	$ 28,287,841	$ 30,944,574

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SUMMARY OF OPERATIONS BY INDUSTRY - ILLINOIS CORRECTIONAL INDUSTRIES
For the Two Years Ended June 30, 2020

(UNAUDITED)

Fiscal Year 2020

Industry/Shop	Revenue	Manufacturing Costs	Garment Cutting Allocated to Sewing Shops	Factory Administrative Overhead/Expenses	Selling, General and Administrative (SG&A) Expenses	Depreciation	Increase (Decrease) in Net Assets	Average # of Inmate Workers
Illinois River Bakery	$ 3,515,548	$ 2,548,164	$ -	$ 315,461	$ 700,164	$ 50,822	$ (99,063)	97
Illinois River Recycling	5,479	10,698	-	1,298	1,091	-	(7,608)	14
Lincoln Furniture	109,990	266,207	-	28,577	20,004	-	(204,798)	2
Lincoln Sign Shop	36,024	168,648	-	18,370	7,103	2,479	(160,576)	2
Decatur Sewing/Garment	240,852	417,087	-	64,620	46,149	1,354	(288,358)	32
Decatur Dog Grooming	-	25,781	-	3,981	-	-	(29,762)	8
Lincoln Warehouse & Trucking	-	3,523,401	-	132,833	(3,743,315)	87,081	-	5
Centralia Sewing/Garment	781,295	503,909	-	195,517	144,954	15,229	(78,314)	22
Centralia Recycling	3,845	7,498	-	4,663	766	4,885	(13,967)	11
Graham Furniture	473,491	384,983	-	100,461	93,829	-	(105,782)	23
Graham Mattress	519,685	348,499	-	94,566	103,502	13,893	(40,775)	5
Graham Vehicle	52,564	6,557	-	1,901	10,469	-	33,637	5
Logan Recycling	33,745	184,245	-	6,778	6,721	-	(163,999)	13
Menard Broom, Wax & Soap	1,433,181	1,287,518	-	96,079	278,961	4,520	(233,897)	9
Menard Knit	930,831	851,468	-	75,388	183,723	11,317	(191,065)	27
Menard Meat/Food Processing	1,948,774	1,228,840	-	128,063	388,122	25,943	177,806	11
Menard Waste Removal/Recycling	370,744	287,041	-	31,979	72,014	30,277	(50,567)	19
Logan Helping Paws	6,430	263,679	-	9,701	1,281	-	(268,231)	52
Stateville Recycling	21,182	336,666	-	-	4,219	4,773	(324,476)	28

(Continued)

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SUMMARY OF OPERATIONS BY INDUSTRY - ILLINOIS CORRECTIONAL INDUSTRIES
For the Two Years Ended June 30, 2020

(UNAUDITED)

Fiscal Year 2020 (Continued)

Industry/Shop	Revenue	Manufacturing Costs	Garment Cutting Allocated to Sewing Shops	Factory Administrative Overhead/Expenses	Selling, General and Administrative (SG&A) Expenses	Depreciation	Increase (Decrease) in Net Assets	Average # of Inmate Workers
Vandalia Milk/Juice Processing	$ 1,694,800	$ 1,329,648	$ -	$ 119,493	$ 329,597	$ 28,900	$ (112,838)	14
Vandalia Meat/Food Processing	2,441,964	1,796,563	-	158,958	486,346	10,671	(10,574)	22
Vandalia Recycling	3,173	125,351	-	11,203	632	2,018	(136,031)	10
Vandalia Tails	-	5,425	-	-	-	-	(5,425)	N/A
East Moline Laundry	594,062	765,978	-	182,858	118,315	3,320	(476,409)	38
Danville Silk Screening & Embroidery	432,409	429,233	-	292,134	80,714	21,480	(391,152)	34
Danville Recycling	6,224	23,218	-	15,049	1,239	-	(33,282)	7
Dixon Optical	1,565,967	1,345,097	-	393,247	311,881	47,702	(531,960)	44
Hill Meat/Food Processing	4,887,531	3,118,865	-	142,301	973,410	36,559	616,396	29
Hill Milk/Juice Processing	5,507,578	3,427,414	-	155,293	1,096,900	16,094	811,877	27
Hill Recycling	9,065	56,170	-	2,598	1,805	1,428	(52,936)	10
Western Illinois Meat/Food Processing	5,137,958	3,706,456	-	301,238	1,023,286	37,865	69,113	40
Western Illinois Recycling	8,530	11,618	-	1,152	1,699	2,700	(8,639)	13
Shawnee Metal Furniture	320,090	354,989	-	189,387	56,094	3,726	(284,106)	25
Shawnee Prison Pugs	-	18,521	-	-	-	-	(18,521)	15
Shawnee Recycling	4,756	4,178	-	2,919	947	1,350	(4,638)	10
Total	33,097,767	29,169,613	-	3,278,066	2,802,622	466,386	(2,618,920)	723
Depreciation	-	-	-	(48,586)	(3,500)	52,086	-	
Non-Operating Expenses included in Allocation	-	44,536	-	-	-	-	44,536	
Gain on Sale of Asset included in SG&A	-	-	-	-	(7,564)	-	(7,564)	
Net Loss from Operations							(2,581,948)	
Other income (expenses), net	642,835	725,184		-	(7,564)	-	(74,785)	
Net Gain/(Loss)	$ 33,740,602	$ 29,850,261	$ -	$ 3,229,480	$ 2,783,994	$ 518,472	$ (2,656,733)	

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SUMMARY OF OPERATIONS BY INDUSTRY - ILLINOIS CORRECTIONAL INDUSTRIES
For the Two Years Ended June 30, 2020

(UNAUDITED)

Fiscal Year 2019

Industry/Shop	Revenue	Manufacturing Costs	Garment Cutting Allocated to Sewing Shops	Factory Administrative Overhead/Expenses	Selling, General and Administrative (SG&A) Expenses	Depreciation	Increase (Decrease) in Net Assets	Average # of Inmate Workers
Illinois River Bakery	$ 4,435,335	$ 3,218,221	$ -	$ 325,101	$ 890,329	$ 43,240	$ (41,556)	90
Illinois River Recycling	4,316	20,952	-	2,088	866	-	(19,590)	-
Lincoln Furniture	260,513	368,161	-	28,015	52,075	-	(187,738)	2
Lincoln Sign Shop	91,192	189,726	-	14,626	18,227	2,479	(133,866)	3
Decatur Sewing/Garment	280,196	363,778	-	150,407	56,054	788	(290,831)	32
Decatur Dog Grooming	-	39,413	-	16,261	-	-	(55,674)	6
Lincoln Warehouse & Trucking	-	3,450,445	-	124,830	(3,652,724)	77,449	-	5
Centralia Sewing/Garment	651,139	497,782	-	186,071	128,693	15,229	(176,636)	19
Centralia Recycling	5,700	8,331	-	5,062	1,144	5,624	(14,461)	13
Graham Furniture	348,355	426,190	-	113,342	69,086	-	(260,263)	23
Graham Mattress	419,857	288,072	-	76,611	84,175	-	(29,001)	4
Graham Vehicle	49,427	6,040	-	1,606	9,922	-	31,859	7
Logan Recycling	31,257	187,614	-	6,639	6,274	-	(169,270)	13
Menard Broom, Wax & Soap	1,152,257	1,157,289	-	110,952	224,569	523	(341,076)	10
Menard Knit	794,616	626,934	-	60,332	158,981	2,647	(54,278)	30
Menard Meat/Food Processing	1,942,101	1,044,225	-	102,538	389,848	25,780	379,710	12
Menard Waste Removal/Recycling	352,485	310,526	-	32,130	68,917	24,756	(83,844)	16
Logan Helping Paws	5,974	130,933	-	4,633	1,199	-	(130,791)	58
Stateville Recycling	24,493	356,637	-	-	4,917	4,700	(341,761)	28

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SUMMARY OF OPERATIONS BY INDUSTRY - ILLINOIS CORRECTIONAL INDUSTRIES
For the Two Years Ended June 30, 2020

(UNAUDITED)

Fiscal Year 2019 (Continued)

Industry/Shop	Revenue	Manufacturing Costs	Garment Cutting Allocated to Sewing Shops	Factory Administrative Overhead/Expenses	Selling, General and Administrative (SG&A) Expenses	Depreciation	Increase (Decrease) in Net Assets	Average # of Inmate Workers
Vandalia Milk/Juice Processing	$ 1,364,241	$ 1,196,907	$ -	$ 89,904	$ 268,883	$ 26,854	$ (218,307)	14
Vandalia Meat/Food Processing	2,235,072	1,648,578	-	121,346	448,658	3,161	13,329	22
Vandalia Recycling	8,540	103,996	-	7,795	1,714	2,108	(107,073)	10
Vandalia Tails	-	8,445	-	-	-	-	(8,445)	22
East Moline Laundry	866,431	692,361	-	162,719	173,923	3,320	(165,892)	44
Danville Silk Screening & Embroidery	358,681	465,799	-	213,402	66,369	17,814	(404,703)	34
Danville Recycling	8,504	21,540	-	9,505	1,707	-	(24,248)	7
Dixon Optical	2,012,728	1,654,376	-	449,627	404,026	52,612	(547,913)	65
Hill Meat/Food Processing	3,422,193	2,398,708	-	111,616	686,955	33,662	191,252	27
Hill Milk/Juice Processing	5,071,202	3,429,321	-	159,274	1,017,969	41,628	423,010	27
Hill Recycling	7,601	7,946	-	392	1,526	595	(2,858)	10
Western Illinois Meat/Food Processing	5,670,055	3,399,439	-	225,489	1,138,181	37,865	869,081	41
Western Illinois Recycling	18,966	16,555	-	1,263	3,807	2,700	(5,359)	19
Shawnee Metal Furniture	336,155	591,949	-	175,991	64,526	3,726	(500,037)	20
Shawnee Prison Pugs	-	12,665	-	-	-	-	(12,665)	14
Shawnee Recycling	16,728	3,932	-	1,561	3,358	1,350	6,527	-
Total	32,246,310	28,343,786	-	3,091,128	2,794,154	430,610	(2,413,368)	747
Depreciation	-	-	-	(49,571)	(292)	49,863	-	
Non-Operating Expenses included in Allocation	-		-	11	-	-	11	
Gain on Sale of Asset included in SG&A	-	-	-	-	(32,159)	-	(32,159)	
Net Loss from Operations							(2,445,516)	
Other income (expenses), net	681,569	616,175	-	11	(32,159)	-	97,542	
Net Gain/(Loss)	$ 32,927,879	$ 28,959,961	$ -	$ 3,041,557	$ 2,729,544	$ 480,473	$ (2,347,974)	

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
FARM LEASES BY LOCATION - ILLINOIS CORRECTIONAL INDUSTRIES
For the Two Years Ended June 30, 2020

(UNAUDITED)

				Past Due Receivable at June 30	
Location	Acres	Expiration Date	Annual Billing	2019	2020
Dixon	102.68	12/31/20	$ 15,588	$ -	$ -
Kewanee	3.00	12/31/20	300	-	-
Lawrence	62.21	12/31/20	13,126	-	-
Menard	305.80	12/31/20	49,845	-	-
Menard	40.00	12/31/20	2,800	-	-
Pontiac	311.13	12/31/20	75,021	-	-
Stateville	593.50	12/31/18	195,262	-	-
Tamms*	81.62			-	-
Vandalia	930.18	12/31/20	209,290	-	-
Vienna South	237.70	12/31/21	31,139	-	-
			$ 592,371	$ -	$ -

**currently not leased*

The Department of Central Management Services (DCMS) is responsible for the solicitation of the lease arrangements including determining fair market conditions and customary practices for the lease arrangements. DCMS has a practice of obtaining bids in order to obtain fair market conditions.

All new leases require each lessee to provide a letter of credit from a bank. Rent for the above leases is negotiated as a flat rate per acre per year. As expressly written in the leases, annual rent for most of the lease agreements, is due in two installments, April 1 and October 1.

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF INDIRECT COST REIMBURSEMENTS

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

(UNAUDITED)

	2020	2019	2018
STATE TREASURY FUND			
Department of Corrections Reimbursement Fund - 523			
Prison Rape Elimination Act - Grant 121601			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Sexual Offender Registration Notification Act - Grant 187021			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Community-Based Transitional Services for Female Offenders - Grant 414105			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Community-Based Residential Treatment for Adults - Grant 415292			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF INDIRECT COST REIMBURSEMENTS

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

(UNAUDITED)

	2020	2019	2018
Community-Based Residential Treatment for Female Offenders - Grant 416105			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Residential Treatment Unit for Dual Diagnosis Female Offenders - Grants 916200 & 917000 & 917200			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Second Chance Act Comprehensive Statewide Recidivism Reduction Planning Program - Grant 2013-CZ-BX-0041			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Adult Recidivism Reduction Strategic Plan Implementation Plan - Grant 2014-CZ-BX-0025			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF INDIRECT COST REIMBURSEMENTS

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

(UNAUDITED)

	2020	2019	2018
State Criminal Alien Assistance Program - Grants SCAAP FY17 & SCAAP FY18			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
FY19 Adult Education & Literacy - Grants 428AA19 & 48AA20 & 48AA21			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
N/D Juvenile and Adult Corrections - Adult - Grants 2019/2020/2021-4315-JC-60-105-4280-30			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Career and Technical Education - Grants CTE-PIG-DOC19/DOC20/DOC21 & CTE-IDOC-19/20/21			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF INDIRECT COST REIMBURSEMENTS

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

(UNAUDITED)

	2020	2019	2018
HIVPEER April 2019/2020/2021 Agreement - Grants 85700006F & 95700001G			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
National Governor's Association - Grant NGA-IDOC			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Coronavirus Emergency Supplemental Funding Program - Grant 820001			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Residential Treatment Unit for Decatur Dual Diagnosed Offenders - Grant 918000			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -

STATE OF ILLINOIS
DEPARTMENT OF CORRECTIONS
SCHEDULE OF INDIRECT COST REIMBURSEMENTS

(IN THOUSANDS)

For the Fiscal Year Ended June 30,

(UNAUDITED)

	2020	2019	2018
Residential Treatment Unit for Dual Diagnosed Female Offenders - Logan Unit #1 - Grant 918001			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Residential Treatment Unit for Dual Diagnosed Female Offenders - Logan Unit #2 - Grant 918002			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -
Corona Virus Relief Fund CURES18 - Grant CURES18			
Indirect Cost Rate	0.00%	0.00%	0.00%
Beginning Balance, Uncollected Reimbursements	$ -	$ -	$ -
New Indirect Cost Claims			
Public Protection and Justice	-	-	-
Indirect Cost Reimbursements Received	-	-	-
Ending Balance, Uncollected Reimbursements	$ -	$ -	$ -

Note 1: The Department does not include any indirect cost reimbursement rates when applying for grants and contracts with the federal and state government. Adding these indirect cost reimbursements would decrease the amount of funding available for the specific programs.