

SPRINGFIELD OFFICE:
100 PARK PLAZA
SPRINGFIELD, ILLINOIS 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222
217/424-4646



CHICAGO OFFICE:
STATE OF ILLINOIS CENTER - SUITE 4-100
100 WEST RANDOLPH STREET - 60601
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

5-94-47900-10

REPORT DIGEST

**DEPARTMENT OF REHABILITATION SERVICES
ILLINOIS CENTER FOR REHABILITATION AND EDUCATION
FINANCIAL AND COMPLIANCE AUDIT
FOR THE TWO YEARS ENDED JUNE 30, 1994**

SYNOPSIS

The Center lost approximately \$15,000 in federal reimbursements for breakfast and lunch programs because the claim forms were either not completed or the number of meals claimed were understated. This condition has existed since 1990.

The Center did not enforce control procedures regarding telephone calls. This condition has existed since 1990.

The Center allowed the performance of contracts to begin prior to obtaining a signed contract. This condition has existed since 1990.

Findings and Activity Measures are summarized on the reverse page. }

INTERNET ADDRESS: AUDITOR.GENERAL@ACCESSIL.COM

RECYCLED PAPER · SOYBEAN INKS

ILLINOIS CENTER FOR REHABILITATION AND EDUCATION
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
• Total Expenditures (All Funds)	\$5,441,071	\$5,357,078	\$5,357,078
<u>Operations Total</u>	\$4,258,852	\$4,641,536	\$4,641,536
% of Total Expenditures	78%	87%	87%
Personal Services	\$3,801,087	\$3,884,941	\$3,884,941
% of Operations Expenditures	70%	72%	72%
Average No. of Employees	111	118	118
Other Payroll Costs (FICA, Retirement)	\$ 511,491	\$ 531,492	\$ 531,492
% of Operations Expenditures	9%	10%	10%
Contractual Services	\$ 726,759	\$ 684,884	\$ 684,884
% of Operations Expenditures	13%	13%	13%
All Other Operations Items	\$ 401,734	\$ 255,761	\$ 255,761
% of Operations Expenditures	7%	5%	5%
Allotments: Woods Location			
Community Services-Visually Handicapped	\$ 329,765	\$ 29,760	\$ 29,760
% of Total Expenditures	6%	0%	0%
Federally Assisted Programs	\$ 852,454	\$ 685,782	\$ 685,782
% of Total Expenditures	16%	13%	13%
• Cost of Property and Equipment	\$4,964,191	\$4,944,692	\$4,987,745

SELECTED ACTIVITY MEASURES	FY 1994	FY 1993	FY 1992
• Average Expenditure per Resident Student	\$ 73,836	\$ 77,985	\$ 66,043
• Average Resident Student Population	57	55	62
• Federal Quota Grant (Woods Location)	\$ 2,692	\$ 2,992	\$ 6,105
• Clients (Woods Location)	248	250	231

AGENCY SUPERINTENDENT(S)
During Audit Period: Alejandro Benavides & Sue Stealey, Acting Superintendent Currently: Alejandro Benavides & Sue Stealey, Acting Superintendent

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

LOSS OF FUNDS THROUGH FEDERAL REIMBURSEMENT

The Center lost approximately \$15,000 in federal and state reimbursement for breakfast and lunch programs because the applicable monthly claim forms were not completed and submitted or the number of meals served to students were understated. **This finding has been repeated since 1990.** We continue to recommend the Center ensure that all monthly claim forms are accurate, approved and submitted so that proper reimbursements are received. (Finding 1, page 7) For previous agency responses see Digest Footnote 1.

Center officials accepted our recommendation and stated that internal control procedures have been instituted to ensure all future claim forms will be accurately completed, properly submitted and requested reimbursement tracked to avoid recurrence of this finding.

TELEPHONE PROCEDURES NOT ENFORCED

The Department of Central Management Services (DCMS) control procedures regarding telephone calls were not enforced. Approximately 80% of the Center's long distance calls were properly supported by telephone logs. In our review of billings, we found several information calls (weather and time) and over 100 directory assistance calls. **This finding has been repeated since 1990.** We continue to recommend that the Center require employees to log long distance calls and investigate the propriety of using information or directory assistance calls. The Center should seek reimbursement for costs associated with these calls. (Finding 2, page 9) For previous agency responses see Digest Footnote 2.

Center officials accepted our recommendation and stated that they have included procedures in their operations manual to require monitoring and review of telephone usage. A new telephone system has been installed at the Center which has the capability of locking out types of special cost calls (e.g., time, weather, lottery, etc.).

PERFORMANCE OF CONTRACTS PRIOR TO OBTAINING SIGNATURE

In sixteen of eighteen (89%) instances, we found the Center allowed the performance of contracts to begin prior to obtaining a signed contract. **This finding has been repeated since 1990.** We continue to recommend the Center and the Department coordinate planning to allow sufficient time to obtain appropriate signatures prior to performance of the contracts. (Finding 5, page 12) For previous agency responses see Digest Footnote 3.

Center officials accepted our recommendation and stated they have implemented a tracking system that allows monitoring of contracts and will work toward reducing or eliminating this problem.

OTHER FINDINGS

Other findings were less significant and have been given appropriate attention

by the Center. We will review the adequacy of corrective actions during our next

AUDITORS' OPINION

Our auditors state that the June 30, 1994 and 1993 financial statements of the Center for Rehabilitation and Education are fairly presented.



WILLIAM G. HOLLAND, Auditor

WGH:ROQ
May 18, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit Findings	5	8
Repeat Audit Findings	5	5
Prior Recommendations Implemented or Not Repeated	3	10

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors were Philip Rosenstock & Co.

DIGEST FOOTNOTES

#1: LOSS OF FUNDS THROUGH FEDERAL REIMBURSEMENT - Previous Agency Responses

- 1992: "The School concurs and accepts the recommendation."
1990: "We concur with the finding. Procedures will be augmented to ensure the timely submission of the federal grant application."

#2: TELEPHONE PROCEDURES NOT ENFORCED - Previous Agency Responses

- 1992: "We will enforce the use of telephone logs and institute stronger control over telecommunications."
1990: "We concur. A planned upgrade in the telephone system allows blocking of certain types of calls, such as those to 900 numbers. Unusual phone calls will be monitored more closely."

#3: PERFORMANCE OF CONTRACTS PRIOR TO OBTAINING SIGNATURE - Previous Agency Responses

- 1992: "The Department concurs and will commence a comprehensive review of relevant planning procedures."
1990: Center Response - "we concur with the statement that signing a contract prior to commencement of work is a sound business practice. However, we did follow affidavit procedures which were designed by the Comptroller to deal with situations where this is not possible."

Department Response - "we are installing procedures developed to speed up contract processing."