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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

REPORT DIGEST

5-94-48000-10

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

SYNOPSIS

The School did not conduct performance evaluations for some employees.

Some record keeping and control functions are not adequate to protect State resources.

The School failed to take special precautions to safely remove, contain and dispose of lead paint debris.

There is significant risk of noncompliance in areas not subjected to audit testing this year.

{Expenditures and Activity Measures are summarized on the reverse page.}

**ILLINOIS DEPARTMENT OF REHABILITATION SERVICES
ILLINOIS SCHOOL FOR THE DEAF
COMPLIANCE AUDIT
For The Two Years Ended June 30, 1994**

EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
● Total Expenditures (All Funds)	\$10,233,761	\$9,432,761	\$8,772,000
<u>OPERATIONS TOTAL</u>	\$10,002,319	\$9,164,723	\$8,772,000
% of Total Expenditures	97.74%	97.16%	97.72%
Personal Services	\$7,700,056	\$7,055,528	\$6,836,000
% of Operations Expenditures	76.98%	76.99%	77.93%
Average No. of Employees	260	255	255
Other Payroll Costs (FICA, Retirement)	\$872,884	\$794,037	\$485,000
% of Operations Expenditures	8.73%	8.66%	5.53%
Contractual Services	\$920,847	\$809,423	\$772,000
% of Operations Expenditures	9.21%	8.83%	8.81%
All Other Operations Items	\$508,532	\$505,735	\$563,000
% of Operations Expenditures	5.08%	5.52%	6.42%
<u>GRANTS TOTAL</u>	\$231,442	\$268,038	\$269,100
% of Total Expenditures	2.26%	2.84%	3.07%
● Cost of Property and Equipment	\$26,068,527	\$22,752,350	\$19,527,003

SELECTED ACTIVITY MEASURES	FY 1994	FY 1993	FY 1992
● Average Student Population	302	296	303
● Employee/Student Ratio86	.86	.84
● Cost Per Student	\$32,654	\$30,485	\$28,134

AGENCY DIRECTOR(S)
During Audit Period: Dr. Peter J. Seiler, Superintendent Currently: Dr. Peter J. Seiler, Superintendent

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

FAILURE TO CONDUCT PERFORMANCE EVALUATIONS

Seventeen of the 108 employee files tested were missing current evaluations. Eight of the 17 had been completed but had not been filed. The remaining 9 employees had not had an evaluation for a number of years, because they belong to a collective bargaining unit and the Personnel Code does not require that this class of employee be evaluated. Department rules, however, do require that this class of employee be evaluated. (Finding 6, page 19)

We recommended that the Department begin evaluating these employees.

The Department responded by stating that it would change its policy by bringing it into line with the Personnel Code.

INADEQUATE RECORDKEEPING AND CONTROL FUNCTIONS

Recordkeeping

During the course of this audit, we noted numerous instances where supporting documentation of records was not available in the business office, but either had to be obtained from the Central Office in Springfield or from various individuals around campus who were administering various programs. (Finding 8, page 22) While seeking some of this information, we became aware of deficiencies in the timekeeping records, wherein certain employees' official records did not reflect various types of time off taken. At the close of this audit, 30 of 32 timekeeping sheets that had been reviewed by Department personnel were found to have unexplained errors. (Finding 5, page 17)

We recommended the Department implement procedures to facilitate its recordkeeping

Department management concurred with our recommendation.

Control Functions

We have previously cited School management's inability to establish and maintain property and equipment records. **This finding has been repeated since 1986.** This problem still exists and prevented us from determining the accuracy of beginning balances, ending balances, and the recording of transactions during the audit period. (Finding 9, page 23) Additionally, we noted the inadequacy of the current method of conducting physical inventories. (Finding 10, page 24)

We recommended Department and School management reemphasize the importance of recordkeeping and monitor progress by School personnel. We also recommended to improve physical inventory procedures at the School.

Department management concurred with our recommendations, indicating that they had completed another equipment reconciliation after the close of our audit. Additional audits will be required before we will be able to place reliance on the accuracy of this reconciliation as previous "final reconciliations" have proved to be incorrect. (For previous agency responses, see Digest Footnote 1.)

DEFICIENCIES IN LEAD PAINT REMOVAL, CONTAINMENT, AND DISPOSAL

During our audit, we noted a great deal of sanding, scraping, and painting activities in dormitory areas. Follow-up on comments made by School personnel revealed that much of the old paint that had been removed was lead paint and that it had been removed, contained, and disposed of without taking special precautions for its safe disposal. (Finding 11, page 25)

As the Department issued a new policy manual regarding lead paint removal and disposal in September of 1994, no recommendation to this specific occurrence was made. However, since the unknowing exposure to this lead paint debris by residents, staff, and painters should have been avoided, we recommended the Department establish procedures regarding hazardous materials.

The Department concurred with our recommendation.

RISK OF NONCOMPLIANCE

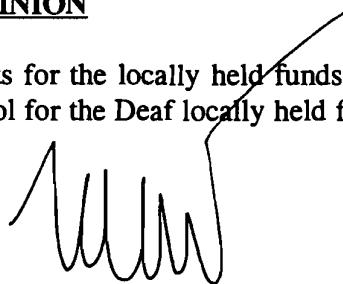
Our auditors stated that the extent of noncompliance noted in their testing indicates that there is more than a relatively low risk that the Illinois Department of Rehabilitation Services - Illinois School for the Deaf may also not be in compliance as regards items not tested during this audit.

OTHER FINDINGS

The remaining findings addressed the allocation of federal funds and the Department's discovery of asbestos in a previously abated building and have been given due attention by management. We will review the adequacy of implementation during our next audit.

AUDITORS' OPINION

Our auditors state that the financial statements for the locally held funds of the Illinois Department of Rehabilitation Services - Illinois School for the Deaf locally held funds are fairly presented.



WILLIAM G. HOLLAND, Auditor General

WGH:RR:pp
May 18, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	12	6
Repeated findings	2	2
Recommendations implemented or not repeated (in part)	5	3

SPECIAL ASSISTANT AUDITORS

Our special assistant auditors for this audit were Cameron, Wright & Hurst, LLP.

DIGEST FOOTNOTES

#1: INADEQUATE PROPERTY AND EQUIPMENT RECORDS - Previous Agency Responses.

1992: "Concur with the recommendation."

1990: "Concur with the recommendation."

1988: "Accepted. The School implemented a new inventory system in September 1988."

1986: "Partially accepted. Department is installing a common property control system." (The part of our recommendation that the Department did not accept dealt with maintaining local inventory control over items costing less than \$100.)