

**REPORT DIGEST**

**DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES  
LINCOLN DEVELOPMENTAL CENTER  
FINANCIAL AND COMPLIANCE AUDIT  
FOR THE TWO YEARS ENDED JUNE 30, 1993**

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

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **UNDERSTATEMENT OF PROPERTY AND EQUIPMENT**

As a result of unrecorded transactions at June 30, 1993, the Center's property and equipment balance was understated by \$18,915. Our audit disclosed \$33,204 in equipment transfers received between January and May 1993 which were not recorded in Center records. Also, a \$14,289 lawn mower, which had previously been traded in, was not promptly removed from the records. This resulted in a net understatement of \$18,915. (Finding 1, page 7.)

The Department accepted our recommendation that all property transactions, including property transfers, be recorded at the Center on a timely basis.

### **EXCESS COMMODITIES INVENTORIES MAINTAINED**

As of June 30, 1993, the Center had accumulated \$92,969 in excess commodities which exceeded its current needs for a twelve-month period. The Illinois Purchasing Act prohibits the Center from maintaining more than a 12-month supply of commodities without specific permission. In addition, Department policy establishes guidelines for controlling purchasing and inventory levels. We recommended that all excess commodities be designated as surplus, and that Center employees adhere to Department policies when purchasing commodities in the future. (Finding 2, page 8.)

According to the response, Department management accepted our recommendation and have begun implementation.

### **EMPLOYEES LACK REQUIRED TRAINING**

Out of 56 employees tested, many had not completed all the required training classes, as prescribed by the Department's policy directives. Examples included the following:

- 20 percent (11 of the 56 employees tested) had not completed classes on incident and recipient injury reporting.
- 41 percent (23 of the 56 employees tested) had not completed basic or refresher training courses on emergency/fire/disaster situations, and
- 14 percent (5 of 35 direct-care employees tested) had not completed part of the required training for aggression management.

Employees who are not adequately trained may be unable to effectively perform their assigned responsibilities. We recommended Center management modify the computerized reporting system to provide complete training information for employees who lack the required training.

(Finding 3, page 10.)

Department management accepted our recommendation and stated that the Center will take a more aggressive approach in requiring employees to attend mandatory training.

### **DIFFERENCES BETWEEN GENERAL LEDGER AND SUPPORTING ACCOUNTS**

The Center's general ledger balances for two significant accounts disagreed with the supporting records. One receivable balance for Medicare Part B was \$34,330 higher than its supporting records, and the revenue from recipients account balance was \$109,717 lower than the monthly transaction registers.

Failure to reconcile general ledger accounts could result in misstatement of financial information. We recommended the Center promptly reconcile its general ledger accounts for recipient revenue and receivables with supporting records. In addition, the Department should review its procedures to require similar reconciliations of general ledger accounts throughout the Department. (Finding 4, page 12.)

According to the response, the Department accepted our recommendation and has also referred the recommendation to the Department's Bureau of Financial Services for consideration agency-wide.

### **OTHER FINDINGS**

There are no additional findings presented in our audit report. We will review the Center's progress towards implementing our recommendations during the next audit.

Mr. Leonard Beck, the Department's Chief Internal Auditor, provided the Department's responses to our recommendations.

### **AUDITORS' OPINION**

We conducted a compliance audit of the Center as required by the Illinois State Auditing Act. We also performed certain agreed-upon procedures with respect to the accounting records of the Center to assist our single audit of the entire Department. Financial statements for the Department will be presented in the single audit report.

---

WILLIAM G. HOLLAND, Auditor General

WGH:JHL:jr

### **SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	4	3
Repeated audit findings	0	0
Prior recommendations implemented or not repeated	3	1

**SPECIAL ASSISTANT AUDITORS**

Dunbar, Breitweiser & Company were our special assistant auditors for this audit.

**LINCOLN DEVELOPMENTAL CENTER**  
**COMPLIANCE AUDIT**  
**For The Two Years Ended June 30, 1993**

<b>EXPENDITURE STATISTICS</b>	<b>FY 1993</b>	<b>FY 1992</b>	<b>FY 1991</b>
<b>●Total Expenditures (All Funds)</b>	<b>\$23,207,086</b>	<b>\$23,177,113</b>	<b>\$23,504,108</b>
<u>OPERATIONS TOTAL</u>	\$23,158,764	\$23,114,769	\$23,456,595
% of <b>Total</b> Expenditures	99.8%	99.7%	99.8%
Personal Services	\$18,553,645	\$18,443,603	\$18,767,392
% of Operations Expenditures	80.1%	79.8%	80.0%
Average No. of Employees	721	728	749
Other Payroll Costs (FICA, Retirement)			
% of Operations Expenditures	\$1,954,452 8.4%	\$1,900,222 8.2%	\$1,937,875 8.3%
Contractual Services	\$1,003,186	\$1,007,354	\$1,061,847
% of Operations Expenditures	4.4%	4.4%	4.5%
Commodities	\$1,513,828	\$1,567,071	\$1,494,194
% of Operations Expenditures	6.5%	6.8%	6.4%
All Other Operations Items	\$133,653	\$196,519	\$195,287
% of Operations Expenditures	0.6%	0.8%	0.8%
<u>GRANTS TOTAL</u>	\$0	\$0	\$0
% of <b>Total</b> Expenditures	0%	0%	0%
<b>●Cost of Property and Equipment</b>	<b>\$37,717,209</b>	<b>\$36,798,310</b>	<b>\$35,712,692</b>

<b>SELECTED ACTIVITY MEASURES</b>	<b>FY 1993</b>	<b>FY 1992</b>	<b>FY 1991</b>
<b>●Average Number of Residents</b>	493	498	498
<b>●Ratio of Employees to Residents</b>	1.46	1.46	1.50
<b>●Cost Per Year Per Resident</b>	\$46,975	\$46,352	\$47,029
<b>●National School Lunch Program Receipts</b>	\$21,896	\$22,002	\$26,797

<b>FACILITY DIRECTOR(S)</b>
During Audit Period: Mr. Ralph Travis, Facility Director Currently: Mr. Ira Collins, Acting Facility Director