

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES

JOHN J. MADDEN MENTAL HEALTH CENTER

LIMITED SCOPE COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2007

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



STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

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CENTER OFFICIALS

Facility Director

(9/1/05 - Current)

(7/1/05 – 8/31/05)

Mr. Gustavo Espinosa

Dr. Lorrie Stone

Hospital Administrator

(9/1/05 – Current)

(7/1/05 – 8/31/05)

Mr. Fred Nirdé

Mr. Thomas Monahan

Medical Director

Dr. James Brunner

Business Administrator

Ms. Janice Evans

The Center is located at:

1200 South First Avenue
Hines, IL 60141



JOHN J. MADDEN MENTAL HEALTH CENTER

1200 South First Avenue, Hines, IL 60141-7000

Phone (708) 338-7400

Fax (708) 338-7057

TTY (708) 338-7282

11120

May 5, 2008

Prado & Renteria, CPAs, Prof. Corp.
1837 South Michigan Ave
Chicago, IL 60616


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 Center. 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 Center's compliance with the following assertions during the two year period ended June 30, 2007. Based on this evaluation, we assert that during the years ended June 30, 2006 and June 30, 2007, the Center has materially complied with the assertions below.

- A. The Center 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 Center 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. Except as noted in finding 07-3, the Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The state revenues and receipts collected by the Center are in accordance with applicable laws and regulations and the accounting and record keeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Except as noted in finding 07-3, the money or negotiable securities or similar assets handled by the Center on behalf of the State or held in trust by the Center have been properly and legally administered, and the accounting and record keeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,


Fred Nirdé, Hospital Administrator


Janice Evans, Business Administrator

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DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
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For the Two Years Ended June 30, 2007

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes relates only to those chapters of the "Audit Guide for Performing Financial Audits and Compliance Attestation Examinations of Illinois State Agencies" (*Audit Guide*) which are identified in the report as having compliance testing performed.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	6	5
Repeated findings	3	0
Prior recommendations implemented or not repeated	2	0

Details of findings are presented in a separately tabbed report section of this report.

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
CURRENT FINDINGS		
07-1	9	Inadequate Controls Over Accounts Receivable
07-2	11	Inadequate Segregation of Duties and Management Oversight of Locally-Held Funds
07-3	13	Inadequate Controls Over Locally-Held Funds
07-4	17	Inadequate Monitoring of Monthly Attendance Reporting
07-5	18	Incomplete Employee Payroll Deduction Authorization Cards
07-6	19	Inadequate Control Over Voucher Processing

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PRIOR FINDINGS NOT REPEATED

07-8	22	Untimely Filing of Performance Evaluations
07-9	22	Inadequate Billing and Collection of Accounts Receivable

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department and Center personnel at an exit conference on April 3, 2008. Attending were:

Department of Human Services Central Office (Via telephone conference)

Mary Fritz, Audit Liaison
Jamie Nardulli, Audit Liaison
Albert Okwuegbunam, Audit Liaison
Cheri Wehmhoff, Fiscal - Department of Mental Health,
Rick DaVault, Fiscal - Department of Mental Health
Nancy Staples, Associate Director

John J. Madden Mental Health Center
Gustavo Espinosa, Network Administrator
Fred Nirdé, Hospital Administrator
Janice Evans, Business Office Administrator
Stephen Dadzie, Business Manager
Steven Czuprynski, Accounting Supervisor

Office of the Auditor General
Kevin Carhill, Audit Manager

(Special Assistant Auditors)
Hilda S. Renteria, Partner
Cecilia Salinas, Auditor

Responses to the recommendations were provided by Carol L. Adams, Secretary, Illinois Department of Human Services, in a letter dated April 22, 2008.



**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we performed a limited scope compliance examination of the State of Illinois Department of Human Services – John J. Madden Mental Health Center's (Center) compliance with the requirements listed below, as more fully described in the Audit Guide for Performing 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, 2007. The management of the State of Illinois Department of Human Services – John J. Madden Mental Health Center is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Department of Human Services – John J. Madden Mental Health Center's compliance based on our examination.

- A. The State of Illinois Department of Human Services – John J. Madden Mental Health Center 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 State of Illinois Department of Human Services – John J. Madden Mental Health Center 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 State of Illinois Department of Human Services – John J. Madden Mental Health Center 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 State of Illinois Department of Human Services – John J. Madden Mental Health Center 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 State of Illinois Department of Human Services – John J. Madden Mental Health Center on behalf of the State or held in trust by the State of Illinois Department of Human Services – John J. Madden Mental Health Center have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our limited scope compliance examination of the Center was limited to the following areas of the *Audit Guide*:

- Chapter 8 – Personal Services Expenditures
- Chapter 9 – Contractual Services Expenditures
- Chapter 11 – Commodities Expenditures
- Chapter 17 – Revenues, Refunds and Receivables
- Chapter 18 – Appropriations, Transfers and Expenditures
- Chapter 22 – Review of Agency Functions and Planning Program
- Chapter 30 – Auditing Compliance with Agency Specific Statutory Mandates

The areas of the *Audit Guide* not examined at the State of Illinois Department of Human Services – John J. Madden Mental Health Center have had procedures performed on a Department-wide basis through the compliance examination of the Department of Human Services - Central Office, and accordingly, any findings from the results of those procedures have been included in the Department of Human Service – Central Office compliance report. We have also performed certain procedures with respect to the accounting records of the State of Illinois Department of Human Services – John J. Madden Mental Health Center to assist in the performance of the Auditor General’s financial statement audit of the entire Department of Human Services for the year ended June 30, 2007. The results of these additional procedures have been communicated to the Department of Human Services – Central Office auditors.

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* as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois Department of Human Services – John J. Madden Mental Health Center’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois Department of Human Services – John J. Madden Mental Health Center’s compliance with specified requirements.

As described in finding 07-03 in the accompanying Schedule of Findings and Recommendations, the State of Illinois Department of Human Services – John J. Madden Mental Health Center did not comply with requirements regarding:

- C. The Department of Human Services – John J. Madden Mental Health Center has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations

As described in finding 07-03 in the accompanying Schedule of Findings and Recommendations, the State of Illinois Department of Human Services – John J. Madden Mental Health Center did not comply with requirements regarding:

- E. The State of Illinois Department of Human Services – John J. Madden Mental Health Center on behalf of the State or held in trust by the State of Illinois Department of Human Services –

John J. Madden Mental Health Center have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Compliance with such requirements is necessary, in our opinion, for the State of Illinois Department of Human Services – John J. Madden Mental Health Center to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois Department of Human Services – John J. Madden Mental Health Center complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2007. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the *Audit Guide*, issued by the Illinois Office of the Auditor General and which are described in the accompanying Schedule of Findings and Recommendations as findings 07-1 through 07-7.

As required by the *Audit Guide*, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter to your office.

Internal Control

The management of the State of Illinois Department of Human Services – John J. Madden Mental Health Center is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our limited scope compliance examination, we considered the State of Illinois Department of Human Services – John J. Madden Mental Health Center's internal control over compliance with the requirements listed in the first paragraph of this report in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the *Audit Guide*, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois Department of Human Services – John J. Madden Mental Health Center's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois Department of Human Services – John J. Madden Mental Health Center's internal control over compliance. We have also performed certain procedures with respect to the accounting records of the Center to assist in the performance of the Auditor General's financial statement audit of the entire Department of Human Services for the year ended June 30, 2007. The results of these additional procedures have been communicated to the Department of Human Services – Central Office auditors.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to comply with the requirements listed in the first paragraph of this report such that there is more than a remote

likelihood that noncompliance with a requirement that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Recommendations as items 07-1 through 07-7 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Recommendations, we consider items 07-2 and 07-3 to be material weaknesses.

As required by the *Audit Guide*, immaterial findings relating to internal control deficiencies excluded from this report have been reported in a separate letter to your office.

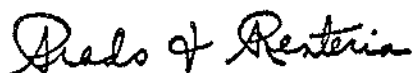
State of Illinois Department of Human Services – John J. Madden Mental Health Center's response to the findings identified in our examination is described in the accompanying Schedule of Findings and Recommendations. We did not examine State of Illinois Department of Human Services – John J. Madden Mental Health Center's response and, accordingly, we express no opinion on it.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General, to the 2007 and the 2006 Supplementary Information for State Compliance Purposes, except for information on Employee Overtime, Contractual Payroll Employees, Shared Resources, Center Utilization, Annual Center Statistics and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2005 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, Center and Department of Human Services management, and is not intended to be and should not be used by anyone other than these specified parties.



Chicago, Illinois
May 5, 2008

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07-1 Finding – INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE

The Center had inadequate controls over identifying a patient's ability to pay and following up on accounts receivable.

Patient Financial Case Record

The Center did not maintain complete patient financial case records to support the initial setup of the patient's receivable in the billing system.

- 4 of 25 (16%) accounts receivable tested did not have all required documentation in the patient financial case record to support determination of patient's ability to pay. These accounts receivable totaled \$1,321.

The Illinois Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedures Manual 01.04.02.03 states that when a recipient enters a facility, financial data is obtained from completed forms, questionnaires and interviews with recipient, relatives of recipient and other persons or organizations. Service charges are determined on basis of financial data and documentation obtained. In addition, the Center's Recipient Resource Unit manual states that the Center is required to perform a patient financial background investigation. The investigation extends to every individual or entity that, under statute, may have an obligation or responsibility for the payment of services charged the patient.

Notice of Determination

The Center did not complete the "Notice of Determination" within 60 days of admittance or did not complete it timely.

- 1 of 25 (4%) accounts receivable tested totaling \$17,940 did not have a "Notice of Determination" (DHS-612) on file.
- 7 of 25 (28%) accounts receivable tested totaling \$5,940, did not reflect timely completion of the "Notice of Determination"(DHS-612). These notices were completed 54 to 241 days after the 60-day period from date of admittance.

STATE OF ILLINOIS
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JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
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Current Findings

**07-1 Finding – INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE
(Continued)**

The Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure Manual No. 01.04.02.03 provides that debtor is notified of charges by form DMHDD-612, "Notice of Determination" prepared and mailed by Center staff. The Center's Recipient Resource Unit manual states that the Center is required to complete and issue to the recipient a "Notice of Determination" within 60 days of admittance.

Accounts Receivable Over 180 Days Old

The Center did not follow-up on accounts receivable over 180 days old or report them as a collection problem to Central Office.

- 4 of 25 (16%) accounts receivable tested were outstanding over 180 days and not reported as problem accounts to DHS Central Office. These accounts receivable totaled \$5,958 and ranged from \$195 to \$4,360.

Department of Mental Health and Developmental Disabilities (DMHDD) Policy and Procedure No. 01.04.02.03 states that at 180 days, form DMHDD-681, "Notice to DMHDD Central Office of Account Collection Problem" should be completed and used to notify DMHDD Central Office of an account collection problem and to request assistance in collection.

Center officials attributed these problems to a shortage of personnel in the Patient Resource Unit.

Inadequate identification of a patient's ability to pay, and failure to follow-up on accounts receivable could result in losses to the State. (Finding Code 07-1)

Recommendation:

We recommend the Center comply with existing policies and procedures to process and collect amounts owed.

Department Response:

Agree. The Patient Resource Unit can only function at 100% when the recommended three positions are filled and staff have been trained. The Center has made significant effort and progress to hire the positions necessary to carry on these functions.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07-2 Finding -- INADEQUATE SEGREGATION OF DUTIES AND MANAGEMENT OVERSIGHT OF LOCALLY HELD FUNDS

The Center had inadequate segregation of duties over locally held fund activities. In addition, the Center's monitoring system includes ineffective management oversight which does not take into account procedures that will prevent or detect misstatements in a timely manner. Our review of locally held funds revealed the following:

- The Trust Fund Custodian was responsible for expenditure processing, cash receipt processing, and expenditure and receipt reconciliation of the locally held funds. This condition reflects an inadequate segregation of duties and is an internal control weakness.
- Bank account reconciliations did not show evidence of management's review. The Patient Travel fund bank balance reconciliation had an un-reconciled difference of \$210. This condition is an internal control weakness.
- Cash of one locally held fund was commingled with another locally held fund as follows:
 - Patient Travel Trust Fund – Cash from the Patient Travel Trust Fund in the amount of \$1,345 was used in error to pay for an expense of the Resident's Trust Fund.
 - Resident's Trust Fund - Cash from the Resident's Trust Fund in the amount of \$1,345 (to reimburse the Patient Travel Trust Fund) was deposited in error to the Petty Cash Fund.

Prudent business practices require the Center to maintain adequate segregation of duties and proper review of expenditures. Procedures should function to prevent improper processing of expenditures, cash receipts, ensure the accuracy and reliability of accounting data and promote operational efficiency.

Center officials stated that they were still experiencing a shortage of staff, as in the prior examination, and this did not allow for adequate segregation of duties and no management oversight.

A lack of segregation of duties increases the likelihood that a loss from error or irregularities could occur and not be prevented in the normal course of employees carrying out their assigned duties. Failure to perform a review increases the likelihood that a loss from error or irregularities could occur and not be detected in the normal course of employees carrying out their assigned duties. (Finding Codes 07-2 and 05-5)

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Current Findings

**07-2 Finding – INADEQUATE SEGREGATION OF DUTIES AND MANAGEMENT
OVERSIGHT OF LOCALLY- HELD FUNDS (Continued)**

Recommendation:

We recommend the Center establish sound internal control procedures to segregate duties within the locally held funds.

Department Response:

Agree. The Center currently has internal control procedures in place; however, due to a vacant position, the Center was not able to ensure proper review of expenditures and segregation of duties. The Center is making an effort to fill the vacant position to ensure adequate control.

STATE OF ILLINOIS
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JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07- 3 Finding – INADEQUATE CONTROLS OVER LOCALLY HELD FUNDS

The Center had inadequate controls over recordkeeping; reporting and monitoring; and expenditures of locally held fund activities.

Recordkeeping

- 19 of 25 (76%) locally held fund disbursements sampled were not posted in the Center’s Trust Fund system. The sum of these unrecorded expenditures totaled \$18,282.

<u>Number of exceptions</u>	<u>Locally held fund</u>	<u>Amount</u>
1	DHS Other Special Trusts Fund	\$170
14	DHS Resident’s Trust Fund	6,008
1	DHS Rehabilitation Fund	675
1	Living Skills Fund	11,153
2	Patient Travel Trust Fund	276
	Total	<u>\$18,282</u>

- DHS Rehabilitation Fund and Living Skills Fund activities were not recorded in the Trust Fund system. Total DHS Rehabilitation Fund and Living Skills Fund activity not recorded in the Trust Fund system books included:

	<u>Receipts</u>	<u>Disbursements</u>
DHS Rehabilitation Fund	\$354	\$711
Living Skills Fund	\$100	\$11,184

- Bank statements were not on file for 9 of 25 (36%) disbursement transactions clearing in the months of August 2005, May 2006, June 2006 and July 2006. Fax copies of the bank statements (without the microfiche of cleared checks) were provided by the Center as statement documentation.

The State Records Act 5 ILCS 160/8 states that the head of each agency shall cause to be made and preserved 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. In addition, sound business practices and proper exercise of fiduciary responsibility dictate that the handling of funds, on behalf of the State or held in trust by the agency, need to be properly and legally administered, and the accounting and record keeping relating thereto be proper, accurate and in accordance with law.

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Current Findings

**07-3 Finding – INADEQUATE CONTROLS OVER LOCALLY HELD FUNDS
(Continued)**

Reporting and Monitoring

- The “Report of Receipts and Disbursements of Locally Held Funds” (Form C-17) as of June 30, 2006 for the DHS Rehabilitation Fund reported \$549 in disbursements. However, based on the checks issued during the fiscal year ended June 30, 2006, disbursements totaled \$711.
- The “Report of Receipts and Disbursements of Locally Held Funds” (Form C-17) for funds were not reconciled to the Center’s Trust Fund Trial Balances or to the fund bank account balances. The following balances were reported as of June 30, 2006 and June 30, 2007.

<u>Fund Description</u>	<u>Form C-17</u>	<u>Fund Trial Balance</u>	<u>Reconciled Bank Balance</u>
<u>FY2006</u>			
DHS Other Special Trust Fund	21,664	21,677	21,886
DHS Resident’s Trust Fund	6,644	9,344	6,644
Living Skills Fund	11,184	23,516	11,153
Patient Travel Trust Fund	3,405	3,580	2,305
<u>FY2007</u>			
DHS Other Special Trust Fund	22,868	22,868	23,102
DHS Resident’s Trust Fund	7,670	6,377	6,920
Living Skills Fund	-	23,516	-
Patient Travel Trust Fund	1,710	1,710	1,716

The State Comptroller’s Act (15 ILCS 405/16) requires agencies to submit quarterly fiscal reports as prescribed by the Comptroller. Per the Statewide Accounting Manual System’s (SAMS) procedure 33.13.20, the “Report of Receipts and Disbursements for Locally Held Funds” (Form C-17) is used to report locally held fund activity. Each agency is responsible for preparing one report for each “locally held” fund it maintains. When properly completed, it presents the fiscal year-to-date receipts and disbursements as of the report date applicable to each locally fund maintained by the reporting agency.

STATE OF ILLINOIS
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For the Two Years Ended June 30, 2007

Current Findings

**07- 3 Finding – INADEQUATE CONTROLS OVER LOCALLY HELD FUNDS
(Continued)**

Receipts and Disbursements

Receipts and disbursements of locally held funds did not have supporting receipts/invoices or proper completion of expense authorization forms to validate the expense.

Our review of 25 locally held fund receipts and disbursements revealed the following discrepancies:

- 3 of 25 (12%) receipt samples totaling \$5,525 were not supported with receipt documentation to determine whether the amount recorded in the locally held fund system was the amount actually received by the Center and deposited into the bank account.
- 7 of 25 (28%) disbursements totaling \$4,272 did not have invoices or receipts to support the expenditure. Individual disbursements ranged from \$57 to \$3,000.

Sound business practices and proper exercise of fiduciary responsibility would dictate that the handling of funds, which is the property of individuals in the care of State Agency, should be properly controlled and documented. In addition, the State Records Act 5 ILCS 160/8 states that the head of each agency shall cause to be made and preserved 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.

STATE OF ILLINOIS
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SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

**07-3 Finding -- INADEQUATE CONTROLS OVER LOCALLY HELD FUNDS
(Continued)**

Center officials stated that they are still experiencing a shortage in staff, as in the prior examination period, to allow for adequate distribution of tasks.

As a result of a lack of adequate internal controls over locally held funds:

- The likelihood that a loss from error or irregularities could occur and not be prevented in the normal course of employees carrying out their assigned duties increases.
- Money or other similar assets handled by the Center on behalf of the State or held in trust by the Center do not appear to be properly and legally administered, and the accounting and record keeping thereto, does not appear to be proper, accurate and in accordance with law.
- The Center does not appear to have complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system in its financial and fiscal operations. (Finding Code 07-3)

Recommendation:

We recommend the Center immediately strengthen controls over locally held fund recordkeeping, reporting and monitoring, and receipts and disbursements.

Department Response:

Agree. The Center will strengthen the controls currently in place by filling the vacant position causing this weakness.

STATE OF ILLINOIS
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JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07- 4 Finding -- INADEQUATE MONITORING OF MONTHLY ATTENDANCE REPORTING

The Center did not monitor implementation of the Department of Human Services Administrative Directive 01.02.02.170 Time and Attendance Records.

We tested 25 employee files for one semi-monthly work period in September 2005, November 2006, and January 2007. Considering employment start dates and termination dates, there should be a total of 59 monthly attendance reports covering the sample. Our test revealed the following:

- 46 monthly attendance reports were not available
- 2 monthly attendance reports were not signed by the employee nor the supervisor
- 48 of 59 (81%) Monthly Attendance Records were not available or were not signed.

Department of Human Services Administrative Directive 01.02.02.170, Time and Attendance Records (procedure I, item E) states, "Each month, DHS employees will receive a Monthly Attendance Record report (AM027001) for their review. Employees are to promptly review the AM027001 and determine whether it accurately reflects time spent on official State Business and authorized leave. DHS' Chief Fiscal Officer shall ensure that the signed AM027001 is maintained in the employee's official timekeeping file."

Center officials offered no explanation for not monitoring the implementation of the Monthly Attendance Reporting.

Failure to maintain complete employee records resulted in non-compliance with State policies and increases the risk that the State is paying for time not spent on official State business. (Finding Code 07-4)

Recommendation:

We recommend the Center comply with existing policies and procedures for Monthly Attendance Reporting.

Department Response:

Agree. In April 2007, the Center revised their procedures to require supervisors to submit the original monthly reports to the payroll office. Supervisors are also required to maintain a copy. The Center will remind staff of the appropriate procedures to ensure that monthly attendance reporting is completed as required by the DHS directive.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07- 5 Finding – INCOMPLETE EMPLOYEE PAYROLL DEDUCTION AUTHORIZATION CARDS

The Center did not maintain all required payroll deduction documentation for employees.

In our review of 25 employee files, 7 files (28%) did not contain one or more authorization cards to support employee payroll deductions as follows:

- 3 union dues withholding authorization cards
- 2 union association withholding authorization cards
- 1 credit union voluntary withholding authorization cards
- 3 optional insurance authorization cards

In addition, 1 of the 25 employee files was missing or did not have a complete employee application.

Department of Human Services Administrative Directive 01.02.02.260 requires signed “Payroll Deduction Authorization Cards” in order to support deductions from employee’s pay. These forms must be on file to ensure proper and accurate deductions. Prudent business practice dictates that complete employee information be maintained.

Center officials stated that deduction forms for these employees and the employee application were misplaced.

Failure to maintain complete employee payroll deduction records could result in errors in employee payroll deductions or in unauthorized deductions. (Finding Codes 07-5; 05-1)

Recommendation:

We recommend that the Center maintain complete employee payroll deduction records.

Department Response:

Agree. Employee payroll deduction records are maintained at the original work site where the employee set up the deduction. The majority of the authorization deduction cards that were missing were for employees that transferred from another DHS facility to John J. Madden. The Center will remind staff to properly maintain employee files and records.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Current Findings

07-6 Finding – INADEQUATE CONTROL OVER VOUCHER PROCESSING

The Center did not adequately document the processing and approval of invoices and did not ensure all invoices were approved and paid within the time required by the Illinois Administrative Code.

During our review of vendor invoices and vouchers totaling \$83,851, we noted:

- 6 of 25 (24%) vouchers tested were not approved within 30 days from date of receipt. These voucher payments totaled \$59,997 and ranged from 3 to 64 days late.
- 5 of 25 (20%) vouchers included invoices that were not paid within 60 days of receipt of the vendor invoice. These invoices totaled \$58,915 and were paid 7 to 69 days late. No interest was due since the calculated interest was less than \$50, or the vendor was a governmental entity, which is exempt from the interest penalty.

Illinois Administrative Code (74 IL Administrative. Code 900.70) promulgated under the State Prompt Payment Act (30 ILCS 540/3-3), requires invoices to be approved or disapproved within 30 days after receipt of the invoice. The Illinois Administrative Code (74 IL Adm. Code 900.100) states that interest shall begin accruing on the 61st day after receipt of a proper bill and shall continue to accrue until the bill is paid by the Comptroller Office. Interest is calculated at a rate of 1% per month. State agencies are required to pay interest amounting to \$50 or more. Interest amounting to \$5 but less than \$50 must be requested by the Vendor.

Center officials stated that they are still experiencing staff shortages, as in the prior examination, which does not allow for adequate distribution of tasks.

Failure to establish sound internal controls to process invoices and vouchers timely resulted in late payment of invoices and interest owed to vendors. (Finding Codes 07-6, 05-2)

Recommendation: We recommend the Center ensure prompt processing of invoices so vendors will be paid timely.

Department Response:

Agree. The Center will make every effort to ensure prompt processing of invoices so vendors can be paid timely by submitting a report to Contract Monitors identifying those invoices that require their immediate review and signature.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the Two Years Ended June 30, 2007

Prior Findings Not Repeated

07-7 Finding – UNTIMELY FILING OF PERFORMANCE EVALUATIONS

Written performance evaluations were not prepared and submitted on an annual basis.

For 38 of 50 (76%) employee personnel files examined, performance evaluations had been completed late or not at all. Twenty-seven performance evaluations were performed between 2 and 120 days late and two were over 120 days late (127 and 214). Nine employees were missing performance evaluation for one of the two years covered in the engagement period. (Finding Code 05-3)

Status – Not Repeated as Center Finding

Similar exceptions were noted while testing the current period. These exceptions will be consolidated with similar exceptions at other Centers and be reported as a Departmental level finding in the Central Office report.

07-8 Finding – INADEQUATE BILLING AND COLLECTION OF ACCOUNTS RECEIVABLE

The Patient Resource Unit (PRU) did not operate during fiscal year 2005 resulting in significant reduction in moneys collected. (Finding Code 05-4)

Status – Not Repeated

As of April 1, 2006, the Patient Resource Unit was staffed with a reimbursement officer. In addition, the Department of Human Services outsourced the Medicare billings to a private contractor, who submitted Medicare claims for dates of service from October 1, 2004 through the end of our examination period.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
LIMITED SCOPE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2007

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Description of Locally Held Funds
- Schedule of Locally Held Funds – Cash Basis
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Deposits
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Lapse Period Spending
- Schedule of Changes in Inventories
- Analysis of Accounts Receivable

Analysis of Operations

- Center Functions and Planning Program
- Average Number of Employees
- Employee Overtime (not examined)
- Contractual Payroll Employees (not examined)
- Shared Resources (not examined)
- Center Utilization (not examined)
- Annual Center Statistics
 - Cost Per Year/Day Per Resident (not examined)
 - Ratio of Employees to Residents (not examined)
 - Reported Employee Job Injuries (not examined)
 - Food Services (not examined)
- Service Efforts and Accomplishments (not examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the *Audit Guide*, as adopted by the Auditor General, except for information on Employee Overtime, Contractual Payroll Employees, Shared Resources, Center Utilization, Annual Center Statistics and Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2007

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2007	LAPSE PERIOD EXPENDITURES JULY 1ST TO AUGUST 31, 2007	TOTAL	
				EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2007	BALANCES LAPSED AUGUST 31, 2007
PUBLIC ACT 94-0798					
<u>GENERAL REVENUE FUND - 001</u>					
Personal Services	\$ 22,593,900	\$ 21,257,634	\$ 1,073,981	\$ 22,331,615	\$ 262,285
Employee retirement contributions paid by employer	-	-	-	-	-
State contributions to state employees' retirement system	2,605,600	2,451,325	123,792	2,575,117	30,483
State contributions to Social Security	1,554,500	1,477,356	76,879	1,554,235	265
Contractual Services	1,924,100	1,180,988	587,310	1,768,298	155,802
Travel	47,200	38,950	8,092	47,042	158
Commodities	552,400	380,255	77,716	457,971	94,429
Printing	19,100	17,655	149	17,804	1,296
Equipment	216,300	75,253	139,451	214,704	1,596
Telecommunications services	211,600	138,612	59,168	197,780	13,820
Operation of auto equipment	38,500	10,509	1,733	12,242	26,258
Expenses related to living skills program	19,200	-	-	-	19,200
Costs associated with behavioral health services	147,400	147,393	-	147,393	7
Total	\$ 29,929,800	\$ 27,175,930	\$ 2,148,271	\$ 29,324,201	\$ 605,599

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2006

	APPROPRIATIONS NET OF TRANSFERS	EXPENDITURES THROUGH JUNE 30, 2006	LAPSE PERIOD EXPENDITURES JULY 1ST TO AUGUST 31, 2006	TOTAL	
				EXPENDITURES 14 MONTHS ENDED AUGUST 31, 2006	BALANCES LAPSED AUGUST 31, 2006
PUBLIC ACTS 94-0015 & 94-0798					
<u>GENERAL REVENUE FUND - 001</u>					
Personal Services	\$ 20,734,800	\$ 19,746,805	\$ 987,796	\$ 20,734,601	\$ 199
Employee retirement contributions paid by employer	173,900	173,816	-	173,816	84
State contributions to state employees' retirement system	1,620,800	1,539,384	77,003	1,616,387	4,413
State contributions to Social Security	1,466,500	1,383,510	72,305	1,455,815	10,685
Contractual Services	2,364,400	1,355,321	283,417	1,638,738	725,662
Travel	45,300	29,270	3,936	33,206	12,094
Commodities	552,400	431,289	65,923	497,212	55,188
Printing	19,100	7,986	942	8,928	10,172
Equipment	67,700	26,532	22,790	49,322	18,378
Telecommunications services	341,100	160,706	180,274	340,980	120
Operation of auto equipment	37,900	7,374	5,279	12,653	25,247
Expenses related to living skills program	19,200	-	-	0	19,200
Costs associated with behavioral health services	147,400	147,393	-	147,393	7
Total	\$ 27,590,500	\$ 25,009,386	\$ 1,699,665	\$ 26,709,051	\$ 881,449

Note: The information reflected in this schedule was taken from the Center's records and reconciled to records of the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Years Ended June 30,

	FISCAL YEARS		
	2007	2006	2005
	P.A. 94-0798	P.A. 94-0015 & 94-0798	P.A. 93-0842 & 93-0681
GENERAL REVENUE FUND - 001			
Appropriations (net of transfers)	\$ 29,929,800	\$ 27,590,500	\$ 25,437,232
EXPENDITURES			
Personal services	22,331,615	20,734,601	18,448,288
Employee retirement contributions paid by employer	0	173,816	23,032
State contributions to state employees' retirement system	2,575,117	1,616,387	2,881,687
State contributions to Social Security	1,554,235	1,455,815	1,270,315
Contractual services	1,768,298	1,638,738	1,501,064
Travel	47,042	33,206	27,758
Commodities	457,971	497,212	358,952
Printing	17,804	8,928	12,430
Equipment	214,704	49,322	33,944
Telecommunications services	197,780	340,980	171,963
Operations of auto equipment	12,242	12,653	10,972
Expenses related to living skills program	0	0	10,000
Costs associated with behavioral health services	147,393	147,393	143,100
Total Expenditures	<u>29,324,201</u>	<u>26,709,051</u>	<u>24,893,505</u>
LAPSED BALANCES	<u>\$ 605,599</u>	<u>\$ 881,449</u>	<u>\$ 543,727</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2007

The locally held funds of the Center are grouped into two fund categories. These are non-appropriated funds with the exception of the Living Skills Fund and Patient Travel Trust Fund, which are appropriated funds. The funds are not held in the State Treasury and are described as follows:

1. Governmental Funds

General Funds

The General Funds consist of the Living Skills Fund, Patient Travel Trust Fund and Petty Cash account. These funds and account are used to record the activity of monies received from the State's General Revenue Fund for designated purposes.

The Living Skills Fund (SAMS fund number 1214) was established to provide behavioral modification programs for residents. The source of revenue is State appropriation. The revenue is expended by distributing reward payments that are earned by residents by achievement of desired behavioral modifications.

The Patient Travel Trust Fund (SAMS fund number 1247) was established to provide for transportation of residents without funds. The source of revenue is the State appropriation. Expenditures are for travel costs incurred to transport indigent recipients to another facility or to their home upon discharge.

The Petty Cash account is maintained for the purpose of making change, purchasing items of small cost, payment of postage due, and for other nominal expenditures that cannot be administered economically and efficiently through the customary vouchering system. Reimbursements to the account are from State General Revenue Fund appropriations for contractual services.

Special Revenue Funds

The Special Revenue Funds consists of the DHS Other Special Trusts Fund and the DHS Rehabilitation Fund. These funds are used to account for the proceeds of a specific revenue source that are legally restricted to expenditures for specific purposes.

The DHS Other Special Trust Fund (SAMS fund number 1139) was established to provide for the special comfort, pleasure and amusement of the residents. The primary source of revenue for the fund is a percentage of vending machine commissions and monies donated for resident use. Also, any unclaimed Resident's Trust Fund balance of a resident separated from the Center for two years is transferred to this fund with the provision that the resident is entitled to the money upon application. These funds are then used for activities and materials to help fulfill the residents needs in these areas.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
DESCRIPTION OF LOCALLY HELD FUNDS
For the Two Years Ended June 30, 2007

The DHS Rehabilitation Fund (SAMS fund number 1144) was established to provide workshop services for individuals with the potential for gainful employment and independent living and for long-term employment of persons capable of working in a sheltered environment. The source of revenue is payments for contractual services provided by residents to outside enterprises for workshop production. Expenditures are for materials, supplies, and resident wages for work performed.

2. Fiduciary Fund Type

Agency Fund

The Agency Fund consists of the DHS Resident's Trust Fund. Agency funds are used to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

The DHS Resident's Trust Fund (SAMS fund number 1143) is maintained as a depository for funds of residents while in residence at the Center. The fund also is used to receive Social Security monies obtained to pay for resident billings. Disbursements from the fund consist primarily of withdrawals of monies for recipients' personal use at the Center or when discharged as well as payments to the Department of Human Services Central Office for care and treatment charges billed to the recipient.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
June 30, 2007

	1144 DHS Rehabilitation Fund	1139 DHS Other Special Trusts Fund	1143 DHS Resident's Trust Fund	1214 Living Skills Fund	1247 Patient Travel Trust Fund	N/A Petty Cash Account
Balance - July 1, 2006	\$ -	\$ 21,886	\$ 6,644	\$ 11,153	\$ 2,305	\$ (50)
Receipts						
Income from Sales	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Resident deposits	-	-	32,590	-	-	-
Donations	-	-	-	-	-	-
Appropriations	-	-	-	-	15,337	3,010
Vending machine commissions	-	3,272	-	-	-	-
Other	-	6,089	957	-	-	-
Total Receipts	<u>\$ -</u>	<u>\$ 9,361</u>	<u>\$ 33,547</u>	<u>\$ -</u>	<u>\$ 15,337</u>	<u>\$ 3,010</u>
Disbursements						
Cost of sales	-	-	-	-	-	-
Operating expenses	-	8,145	-	-	15,716	2,673
Contractual services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Resident withdrawals	-	-	33,271	-	-	-
Appropriations returned	-	-	-	11,153	-	-
Other	-	-	-	-	210	-
Total Disbursements	<u>\$ -</u>	<u>\$ 8,145</u>	<u>\$ 33,271</u>	<u>\$ 11,153</u>	<u>\$ 15,926</u>	<u>\$ 2,673</u>
Balance - June 30, 2007	<u>\$ -</u>	<u>\$ 23,102</u>	<u>\$ 6,920</u>	<u>\$ -</u>	<u>\$ 1,716</u>	<u>\$ 287</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF LOCALLY HELD FUNDS - CASH BASIS
June 30, 2006

	1144 DHS Rehabilitation Fund	1139 DHS Other Special Trusts Fund	1143 DHS Resident's Trust Fund	1214 Living Skills Fund	1247 Patient Travel Trust Fund	N/A Petty Cash Account
Balance - July 1, 2005	\$ 549	\$ 21,952	\$ 3,915	\$ 11,084	\$ 175	\$ 155
Receipts						
Income from Sales	354	-	-	100	-	-
Investment Income	-	222	-	-	-	-
Resident deposits	-	-	57,273	-	-	-
Donations	-	-	-	-	-	-
Appropriations	-	-	-	-	15,000	2,361
Vending machine commissions	-	2,743	-	-	-	-
Other	-	4,948	-	-	105	19
Total Receipts	<u>\$ 354</u>	<u>\$ 7,913</u>	<u>\$ 57,273</u>	<u>\$ 100</u>	<u>\$ 15,105</u>	<u>\$ 2,380</u>
Disbursements						
Cost of sales	-	-	-	-	-	-
Operating expenses	711	3,674	-	-	12,831	2,585
Contractual services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Resident withdrawals	-	-	53,378	-	-	-
Appropriations returned	-	-	-	-	-	-
Other	192	4,305	1,166	31	144	-
Total Disbursements	<u>\$ 903</u>	<u>\$ 7,979</u>	<u>\$ 54,544</u>	<u>\$ 31</u>	<u>\$ 12,975</u>	<u>\$ 2,585</u>
Balance - June 30, 2006	<u>\$ -</u>	<u>\$ 21,886</u>	<u>\$ 6,644</u>	<u>\$ 11,153</u>	<u>\$ 2,305</u>	<u>\$ (50)</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2007

	Land and land improvements	Buildings and building improvements	Site improvements	Equipment	Total
<u>Balance June 30, 2005</u>	<u>\$1,311,041</u>	<u>\$ 18,465,041</u>	<u>\$ 2,051,655</u>	<u>\$ 1,681,824</u>	<u>\$ 23,509,561</u>
Additions:					
Purchases				41,849	41,849
Transfers-in:					
Intra-agency				733,450	733,450
Inter-agency				5,526	5,526
Capital Development Board		628,038	64,248		692,286
Surplus Property					-
DAVTE Fund					-
Donations					-
Adjustments				1,309	1,309
<u>Total Additions</u>	<u>\$ -</u>	<u>\$ 628,038</u>	<u>\$ 64,248</u>	<u>\$ 782,134</u>	<u>\$ 1,474,420</u>
Deductions:					
Transfers-out:					
Intra-agency				746,931	746,931
Inter-agency				11,444	11,444
Surplus property					-
Scrap property				1,613	1,613
Condemned and lost property					-
Retirements					-
Adjustment				4,223	4,223
<u>Total Deductions</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 764,211</u>	<u>\$ 764,211</u>
<u>Balance June 30, 2006</u>	<u>\$1,311,041</u>	<u>\$ 19,093,079</u>	<u>\$ 2,115,903</u>	<u>\$ 1,699,747</u>	<u>\$ 24,219,770</u>
Additions:					
Purchases				207,816	207,816
Transfers-in:					
Intra-agency				667,540	667,540
Inter-agency					-
Capital Development Board		150,801			150,801
Surplus Property					-
DAVTE Fund					-
Donations					-
Adjustments				2,796	2,796
<u>Total Additions</u>	<u>\$ -</u>	<u>\$ 150,801</u>	<u>\$ -</u>	<u>\$ 878,152</u>	<u>\$ 1,028,953</u>
Deductions:					
Transfers-out:					
Intra-agency				684,822	684,822
Inter-agency				44,367	44,367
Surplus property					-
Scrap property				69,273	69,273
Condemned and lost property					-
Retirements					-
Adjustment				4,254	4,254
<u>Total Deductions</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 802,716</u>	<u>\$ 802,716</u>
<u>Balance June 30, 2007</u>	<u>\$1,311,041</u>	<u>\$ 19,243,880</u>	<u>\$ 2,115,903</u>	<u>\$ 1,775,183</u>	<u>\$ 24,446,007</u>

Note: The property balances at June 30, 2006 and 2007 have been reconciled to the property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND DEPOSITS
Years Ended June 30,

	FISCAL YEARS		
	2007	2006	2005
<u>RECEIPTS</u>			
Rental of Real Property	\$ 35,264	\$ 34,270	\$ 33,304
Jury duty	554	363	
Copy charges	55		
Miscellaneous other	130	86	1,016
TOTAL RECEIPTS	<u>\$ 36,003</u>	<u>\$ 34,719</u>	<u>\$ 34,320</u>
<u>DEPOSITS</u>			
Receipts recorded by Agency	\$ 36,003	\$ 34,719	\$ 34,320
Add: Deposits in transit - Beginning of year		2,793	
Deduct: Deposits in transit - End of year	<u>(2,990)</u>		<u>(2,793)</u>
DEPOSITS RECORDED BY COMPTROLLER	<u>\$ 33,013</u>	<u>\$ 37,512</u>	<u>\$ 31,527</u>

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

Fiscal Year 2007

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2007 and June 30, 2006 are shown below:

	FISCAL YEAR ENDED		INCREASE	
	<u>JUNE 30</u>		<u>(DECREASE)</u>	
	<u>2007</u>	<u>2006</u>	<u>AMOUNT</u>	<u>%</u>
Employee retirement contributions paid by employer	\$ -	\$ 173,816	\$ (173,816)	(100%)
State contributions to state employees' retirement system	\$2,575,117	\$1,616,387	\$ 958,730	59%
Travel	\$ 47,042	\$ 33,206	\$ 13,836	42%
Printing	\$ 17,804	\$ 8,928	\$ 8,876	99%
Equipment	\$ 214,704	\$ 49,322	\$ 165,382	335%
Telecommunications Services	\$ 197,780	\$ 340,980	\$ (143,200)	(42%)

Employee retirement contributions paid by employer

State contributions decreased as a result of the elimination of the Retirement pick up account per collective bargaining agreement.

State contributions to state employees' retirement

Employee retirement increased due to rate increase of about 11.525% plus cost of COLA and step increases.

Travel

Travel expenditures increased as a result of several meetings and training sessions in Springfield.

Printing

Printing expenditures increased as a result of the depletion of pre-printed forms in fiscal year 2006, and replenished during fiscal year 2007.

Equipment

Equipment expenditures increased due to the replacement of parts, breakdowns and purchases of small equipments for the day to day function in various areas.

Telecommunications Services

Telecommunication services decreased due to the installation of a completely new telephone system in 2006.

STATE OF ILLINOIS
DEPARTMENT OF HUMAN SERVICES
JOHN J. MADDEN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

Fiscal Year 2006

A comparative schedule of significant variations in expenditures (20% or more) for the fiscal years ended June 30, 2006 and June 30, 2005 are shown below:

	FISCAL YEAR ENDED		INCREASE (DECREASE)	
	<u>JUNE 30</u>		<u>AMOUNT</u>	<u>%</u>
	<u>2006</u>	<u>2005</u>		
Employee retirement contributions paid by employer	\$173,816	\$23,032	\$150,784	655%
State contributions to state employees' retirement	\$1,616,387	\$2,881,687	\$(1,265,300)	(44%)
Travel	\$33,206	\$27,758	\$5,448	20%
Commodities	\$497,212	\$358,952	\$138,260	39%
Printing	\$8,928	\$12,430	\$(3,502)	(28%)
Equipment	\$49,322	\$33,944	\$15,378	45%
Telecommunications Services	\$340,980	\$171,963	\$169,017	98%
Living skills program	\$ -	\$10,000	\$(10,000)	(100%)

Employee retirement contributions paid by employer

State contributions increased due to annualized cost distribution on collective bargaining employees, and pick up of the balance of contribution.

State contributions to state employees' retirement

Employee retirement decreased due to FY04 legislation passed that suspended the contributions and allowed for the sale of bonds in FY05 to make the contribution to cover for the shortfall.

Travel

Travel expenditures increased due to mileage increase, high costs of gasoline and frequent transportation of patients.

Commodities

Commodities expenditures increased as a result of increases in purchases of office and library supplies; medical scientific and lab supplies; wearing-apparel for the patients; house laundry and cleaning supplies and food supplies.

Printing

Printing expenditures decreased because the pre-printed forms from fiscal year 2005 were not completely depleted in fiscal year 2006.

Equipment

Equipment expenditures increased due to the purchase of a new folding machine for paychecks.

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ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2007

Telecommunications Services

Telecommunication expenditures increased due to the purchase and installation of a new telephone system.

Living Skills Program

Living Skills program expenditures decreased due to State funds not being appropriated for fiscal year 2006.

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JOHN J. MADDEN MENTAL HEALTH CENTER
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2007

We have reviewed lapse period spending for fiscal years ended June 30, 2007 and 2006 and have identified significant lapse period spending (20% or more). A schedule of significant lapse period spending for fiscal year 2007 is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2007</u>		
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Contractual Services	\$1,768,298	\$587,310	33%
Equipment	\$ 214,704	\$139,451	65%
Telecommunications Services	\$ 197,780	\$ 59,168	30%

Contractual Services

Significant lapse period spending was due to timing of goods and services (utility, medical services) incurred near the end of the fiscal year. June invoices were received and paid during the lapse period.

Equipment

Purchases were made close to the end of the fiscal year. As a result, invoices were received and paid during the lapse period.

Telecommunications Services

All the invoices for telecommunication services come from the Department of Central Management Services and invoices for the end of the fiscal year arrived late for processing.

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ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2007

A schedule of significant lapse period spending for the fiscal year ended June 30, 2006 is shown below:

<u>EXPENDITURE ITEM</u>	<u>Fiscal Year Ended June 30, 2006</u>		<u>PERCENTAGE</u>
	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	
Equipment	\$ 49,322	\$ 22,790	46%
Telecommunications Services	\$340,980	\$180,274	53%
Operations of Auto Equipment	\$ 12,653	\$ 5,279	42%

Equipment

Purchases were made close to the end of the fiscal year. As a result, invoices were received and paid during the lapse period.

Telecommunications Services

All the invoices for telecommunication services come from the Department of Central Management Services and invoices for the end of the fiscal year arrived late for processing.

Operations of Auto Equipment

Significant lapse period spending was due to timing of billings from the Department of Central Management Services for auto repairs and maintenance. Invoices were processed during the lapse period.

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JOHN J. MADDEN MENTAL HEALTH CENTER
SCHEDULE OF CHANGES IN INVENTORIES
For the Two Years Ended June 30, 2007

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2007</u>
General Stores:				
Medical lab	\$ 622	\$ 26,455	\$ 27,077	\$ -
Food supplies	46,961	226,977	253,771	20,167
Household and laundry	24,557	109,893	113,468	20,982
Other general stores	4,063	89,953	92,066	1,950
Clothing	-	50,941	50,941	-
Mechanical Stores:				
Repair and Maintenance	-	18,969	18,969	-
Other mechanical stores	-	-	-	-
Pharmacy	190,177	2,796,240	2,784,964	201,453
	<u>\$ 266,380</u>	<u>\$ 3,319,428</u>	<u>\$ 3,341,256</u>	<u>\$ 244,552</u>

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2006</u>
General Stores:				
Medical lab	\$ 858	\$ 20,607	\$ 20,843	\$ 622
Food supplies	29,551	248,989	231,579	46,961
Household and laundry	14,226	109,194	98,863	24,557
Other general stores	3,210	67,340	66,487	4,063
Clothing	-	24,551	24,551	-
Mechanical Stores:				
Repair and Maintenance	-	4,718	4,718	-
Other mechanical stores	-	-	-	-
Pharmacy	192,483	1,722,127	1,724,433	190,177
	<u>\$ 240,328</u>	<u>\$ 2,197,526</u>	<u>\$ 2,171,474</u>	<u>\$ 266,380</u>

Note: The inventories consist primarily of commodities and medications and are valued at weighted average cost.

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JOHN J. MADDEN MENTAL HEALTH CENTER
ANALYSIS OF ACCOUNTS RECEIVABLE
For the Two Years Ended June 30, 2007

The Department has accounts receivable of \$724,529 arising from operations of John J. Madden Mental Health Center at June 30, 2007. This total represents amounts due from private assets, private insurance, Social Security Administration, etc. for resident care provided at John J. Madden Mental Health Center. The Department of Human Services Central Office prepares and mails the monthly billing statements, receives the payments and records the revenue and receivable in their general ledger. The Patient Resource Unit at the Center is responsible for determining billing amounts and is responsible for pursuing collection of delinquent accounts. The aging of outstanding accounts receivables and determination of an allowance for uncollectible accounts are the responsibility of the Department of Human Services - Central Office.

An aging of accounts receivable as of June 30, 2007, 2006 and 2005 prepared by the Department of Human Services Central Office and forwarded to the Center is as follows:

	<u>June 30,</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Current (0-3 months)	\$119,884	\$577	\$910
Past due (4-6 months)	44,762	2,220	8,276
Past due (7-12 months)	80,894	607	17,290
Past due (over 12 months)	<u>397,204</u>	<u>421,861</u>	<u>504,958</u>
Subtotal	\$642,744	\$425,265	\$531,434
Court Cases	<u>81,785</u>	<u>86,831</u>	<u>112,502</u>
Total	<u>\$724,529</u>	<u>\$512,096</u>	<u>\$643,936</u>

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ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2007

CENTER FUNCTIONS AND PLANNING PROGRAM

The functions and planning program of the Center are as follows:

FUNCTIONS

John J. Madden Mental Health Center (Madden) is a 175-bed Illinois Department of Human Services (DHS) facility, located at 1200 South First Avenue, Hines, Illinois. Madden is located adjacent to the Loyola University Medical Center and the Hines Veterans Administration Hospital. The facility provides inpatient psychiatric services for adults.

John J. Madden Mental Health Center provides inpatient treatment and psychosocial rehabilitation for people with serious mental illness who cannot be treated in their respective community mental health clinics. The recipients of Madden have an average hospital stay of approximately 14 days. Before being discharged, recipients are linked with their local city or suburban mental health clinic for follow-up services.

PLANNING PROGRAM

A strategic plan is developed annually based on planning meetings held by the Center's Executive Council. The Council conducts a quarterly review of the objectives set forth in the plan. The goals set forth in the strategic plan for fiscal year ended 2007 include:

- Enhance the involvement of consumers in developing consumer oriented recovery based mental health services to expand their role in the planning, evaluation, and delivery of services.
- Improve the appropriateness and effectiveness of clinical interventions to meet the changing needs of clients.
- Identify and address service gaps and the improvement of quality of a comprehensive public mental health system of care.
- Develop inter/intra departmental collaboration among service systems in order to provide a more comprehensive array of mental health and support services.
- Enhance staff competence through the development of skills and knowledge in leadership, management, and clinical intervention.
- Further develop appropriate tools and structures to manage resources and care.
- Increase data-based decision-making in a continuous quality improvement environment.

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ANALYSIS OF OPERATIONS
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AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Center records, presents the average number of full time equivalent employees, by function, for the past three years.

	<u>Fiscal Year</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Rehabilitation services	8	9	8
Adult inpatient services	133	125	149
Central admissions	0	0	9
Medical, surgical and clinical services	31	30	30
Staff development	0	0	4
Superintendent's office	0	0	0
Administrative services	23	23	23
Engineering	16	17	14
Business management	36	34	6
Other support services	74	74	49
Dietary	<u>0</u>	<u>0</u>	<u>16</u>
Total Employees	<u>321</u>	<u>312</u>	<u>308</u>

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EMPLOYEE OVERTIME (not examined)

Certain employees are eligible for overtime if the hours worked during a week exceed the standard workweek hours. The standard workweek hours range from 37 ½ to 40 depending on an employee's job classification. In most cases employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. A supervisor must approve all overtime. Certain employees may receive compensatory time off in lieu of pay depending on the position classification of the employee's job title.

The following table, prepared from Department records presents the paid overtime and earned compensatory time incurred during the last three fiscal years.

	<u>2007</u>	<u>June 30,</u> <u>2006</u>	<u>2005</u>
Paid overtime hours worked during fiscal year	<u>62,892</u>	<u>61,154</u>	<u>36,941</u>
Value of overtime hours worked during fiscal year	<u>\$2,255,950</u>	<u>\$2,075,694</u>	<u>\$1,180,995</u>
Compensatory hours earned during fiscal year	<u>13,271</u>	<u>11,942</u>	<u>9,031</u>
Value of compensatory hours earned during fiscal year	<u>\$432,865</u>	<u>\$376,080</u>	<u>\$250,767</u>
Total paid overtime hours and earned compensatory hours during fiscal year	<u>76,163</u>	<u>73,096</u>	<u>45,972</u>
Total value of paid overtime hours and earned compensatory hours during fiscal year	<u>\$2,688,815</u>	<u>\$2,451,774</u>	<u>\$1,431,762</u>

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CONTRACTUAL PAYROLL EMPLOYEES (not examined)

The Center hires some individuals to perform personal services pursuant to a contract where the individual is deemed an “employee” under IRS regulations. Some of the services provided by the contractual payroll employees were in the areas of neurology, psychiatric, podiatrist and consumer specialist.

The following table prepared from Department records presents the number of contractual payroll employees and amount expended for contractual payroll employees during fiscal year 2007, 2006 and 2005.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractual payroll employees paid during the fiscal year	<u>1</u>	<u>5</u>	<u>8</u>
Total amount expended for contractual payroll employees during the fiscal year	<u>\$22,664</u>	<u>\$147,067</u>	<u>\$117,944</u>

SHARED RESOURCES (not examined)

During fiscal years 2007 and 2006, a Senior Public Service Administrator (SPSA) worked at Chicago Read Mental Health Center but John J. Madden Mental Health Center assumed 100% of the payroll costs.

Since approximately December 2006, a Medical Director was on “temporary assignment” as Medical Director for Tinley Park Mental Health Center but John J. Madden Mental Health Center assumed 100% of the payroll costs.

A Social Service Programmer III was working at Madden but the Program Administration Disabilities & Behavioral Health Payroll assumed 100% of the payroll costs.

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CENTER UTILIZATION (not examined)

John J. Madden Mental Health Center (Center) is situated on 32 acres in Hines. The Center has 14 buildings on its grounds. Center management has provided the information below outlining their occupancy and/or utilization of the buildings on the grounds of the Center.

Bldg #	Use	Sq. Ft.	Status	%	Item of Note
1	Residential	10,000	Occupied	100%	Note 1
2	Residential	10,000	Occupied	100%	
3	Residential	10,000	Occupied	100%	
4	Residential	10,000	Occupied	100%	
5	Residential	10,000	Occupied	100%	
6	Residential	10,000	Occupied	100%	
7	Residential	10,000	Occupied	10%	Note 2
8	Residential	10,000	Swing Space		Note 3
9	Classrooms	10,000	Occupied	100%	Note 4
10	Classrooms	10,000	Occupied	100%	Note 5
11	Residential	10,000	Occupied	100%	
12	Residential	10,000	Occupied	100%	Note 6
13	Administration	80,000	Occupied	100%	
14	Loading Dock	1,000	Occupied	100%	

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ANALYSIS OF OPERATIONS
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Items of Note:

- Note 1 Building 1 is being utilized as the Center's intake department.
- Note 2 10% of the building is occupied temporarily to store old night stands and property furniture taken out from patient buildings that are being replaced with new purchase of night stands / furniture. The building is in good working condition.
- Note 3 Used as Swing Space
- Note 4 Building 9 is unoccupied by Madden but is being utilized by an outside agency - Guardian/Advocacy.
- Note 5 Building 10 is currently used to temporarily store old beds taken out from patient buildings that are being replaced with new purchased beds.
- Note 6 Building 12 is being utilized by the Office of the Inspector General.

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ANALYSIS OF OPERATIONS
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COST PER YEAR/DAY PER RESIDENT (not examined)

The following schedule represents costs per resident based upon the Department of Human Services Management Cost System. This includes costs for depreciation and an allocation of costs incurred by the Department's Central Office and other State agencies.

		<u>Fiscal Year</u>	
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Cost per year per resident	*	<u>\$265,779</u>	<u>\$295,655</u>
Cost per day per resident	*	<u>\$728</u>	<u>\$810</u>

* - The Department had not calculated this statistic by the close of fieldwork.

RATIO OF EMPLOYEES TO RESIDENTS (not examined)

The following comparisons are prepared from Center records for the fiscal years ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Certified Capacity of Center	<u>175</u>	<u>175</u>	<u>124</u>
Average number of residents	<u>136</u>	<u>132</u>	<u>111</u>
Average number of employees	<u>321</u>	<u>312</u>	<u>308</u>
Ratio of employees to residents	<u>2.36 to 1</u>	<u>2.36 to 1</u>	<u>2.77 to 1</u>

REPORTED EMPLOYEE JOB INJURIES (not examined)

The following comparisons are prepared from Center records for the fiscal years ended June 30:

	<u>2007</u>	<u>2006</u>	<u>2005</u>
Number of reported employee injuries	<u>66</u>	<u>69</u>	<u>92</u>

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ANALYSIS OF OPERATIONS
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FOOD SERVICES (not examined)

The following table, prepared from the Center records, summarizes the number of meals served and the average cost per meal.

	Fiscal Year		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Meals served	<u>148,920</u>	<u>144,540</u>	<u>121,545</u>
Total food costs	\$213,400	\$257,200	\$174,218
Total labor costs	<u>779,353</u>	<u>712,048</u>	<u>633,853</u>
Total costs	<u>\$992,753</u>	<u>\$969,248</u>	<u>\$808,071</u>
Average food costs / meal	\$1.43	\$1.78	\$1.43
Average labor costs / meal	<u>5.23</u>	<u>4.93</u>	<u>5.21</u>
Total average cost / meal	<u>\$6.66</u>	<u>\$6.71</u>	<u>\$6.64</u>

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SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2007
(not examined)

The hospital's strategic plan addresses the following goal areas:

1. Enhance the involvement of consumers (and the partnership with parents of children and adolescents) in developing consumer oriented recovery based mental health services, to expand their role in the planning, evaluation, and delivery of services.
2. Improve the appropriateness and effectiveness of clinical interventions to meet the changing needs of clients.
3. Identify and address service gaps and the improvement of quality of a comprehensive public mental health system of care.
4. Develop inter / intra Departmental collaboration among service systems in order to provide a more comprehensive array of mental health and support services.
5. Enhance staff competence through the development of skills and knowledge in leadership, management, and clinical intervention.
6. Further develop appropriate tools and structures to manage resources and care.
7. Increase data-based decision-making in a continuous quality improvement environment.

To varying degrees, progress has been made in all of these areas during FY 2006 and FY 2007.

Accomplishments:

- Increases in consumer community meetings, use of consumer survey results in hospital operations, PROCOVER group facilitation and use of CHOICE Plans have promoted and incorporated recovery concepts into the fabric of the hospital's clinical operations.
- Continued success has been realized in improving the appropriateness and effectiveness of the hospital's clinical operations through violence prevention/reduced restraint use efforts.
- Average length of stay rates in the face of record number of presentations in FY 2007 remain at ten days.
- Patient injury rates remain below average state rates.

Accreditation:

John J. Madden Mental Health Center was successfully re-accredited by the Joint Commission on Accreditation of Healthcare Organizations on a three year unconditional basis in September of 2007.