

**STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE**

**COMPLIANCE EXAMINATION – GENERAL OFFICE**  
(Including School District and After Care Services)

**For the Two Years Ended June 30, 2008**

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

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

COMPLIANCE EXAMINATION – GENERAL OFFICE  
(Including School District and After Care Services)

For the Two Years Ended June 30, 2008

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STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
(Including School District and After Care Services)

COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2008

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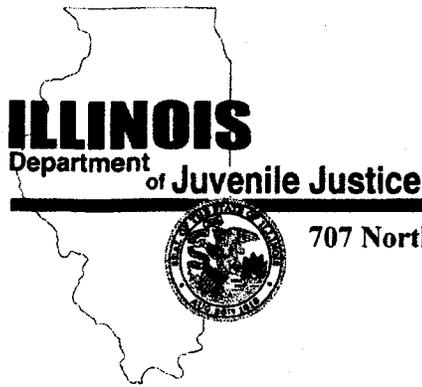
STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

AGENCY OFFICIALS

|   |                         |
|---|-------------------------|
| Director  | Kurt C. Friedenauer     |
| Acting Deputy Director of Operations                    | Ron K. Smith            |
| Acting Deputy Director of Program Services              | Janice Shallcross       |
| Superintendent of School District #428                  | Lanee Walls             |
| Pursuant to Enabling Legislation:                       |                         |
| Illinois Department of Corrections employees:           |                         |
| Director, Public Safety Shared Services Center          | Bill Edley              |
| Chief of Investigations and Intelligence                | Joseph Burke            |
| Chief Legal Counsel                                     | Edward Huntley          |
| Chief of Intergovernmental Relations                    | Tim McLean              |
| Chief of Labor Relations                                | Stephanie Shallenberger |
| Chief of Affirmative Action                             | Vicki Fair              |
| Deputy Director of Finance and Administration           | Tony Small              |
| Assistant Deputy Director, Fiscal Accounting Compliance | Mary Ann Bohlen         |
| Assistant Deputy Director, Budget Services              | Bryan Gleckler          |

The Department's General Office is located at:

707 North 15<sup>th</sup> Street  
Springfield, IL 62702



**Pat Quinn**  
Governor

**Kurt C. Friedenauer**  
Director

707 North 15<sup>th</sup> Street, Springfield IL 62702 - Phone: (217) 557-1030 / TDD: (800) 526-0844

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

Sikich LLP  
1000 Churchill Rd.  
Springfield, IL 62702

August 24, 2009

Gentlemen:

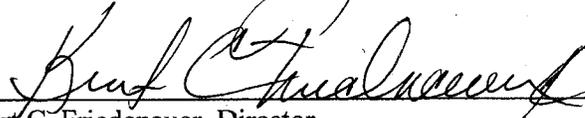
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois Department of Juvenile Justice. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two-year period ended June 30, 2008. Based on this evaluation, we assert that during the year(s) ended June 30, 2007 and June 30, 2008, the Department has materially complied with the assertions below.

- A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

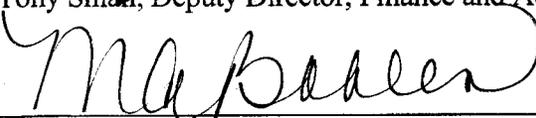
E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

State of Illinois Department of Juvenile Justice

  
\_\_\_\_\_  
Kurt C. Friedenauer, Director

  
\_\_\_\_\_  
Tony Small, Deputy Director, Finance and Administration

  
\_\_\_\_\_  
MaryAnn Bohlen, Assistant Deputy Director, Fiscal Accounting and Compliance

  
\_\_\_\_\_  
Edward Huntley, Chief Legal Counsel, Department of Corrections

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

**COMPLIANCE REPORT**

**SUMMARY**

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

**INTRODUCTION**

Effective June 1, 2006, Public Act 94-0696 established the Department of Juvenile Justice (Department). This Act transferred certain rights, powers, duties, and functions that were exercised by the Juvenile Division of the Department of Corrections (DOC). Effective July 1, 2006, DOC's school district was transferred to the Department of Juvenile Justice.

The Act permitted the Department to share certain administrative services with DOC or a shared service center, including "...budgeting, accounting related functions, auditing, human resources, legal, procurement, training, data collection and analysis, information technology, internal investigations, intelligence, legislative services, emergency response capability, statewide transportation services, and general office support." An interagency agreement between the Department and the DOC effective July 1, 2006 enumerated these services in a written document.

This is the initial examination of the Department.

Our scope as special assistant auditors to the Auditor General for the compliance examination is defined as follows:

- a. State compliance testing of the General Office, which includes the School District and After Care Services for the two years ended June 30, 2008.
- b. State compliance testing of all appropriations to the Department of Juvenile Justice for travel expenditures, printing expenditures, equipment expenditures, electronic data processing expenditures, telecommunications expenditures, operation of automotive equipment expenditures, lapse period expenditures, and revenues and receipts for the two years ended June 30, 2008.

**ACCOUNTANTS' REPORTS**

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, but contained report qualifications for compliance and internal control.

## **SUMMARY OF FINDINGS**

|                  |                                 |
|------------------|---------------------------------|
| <u>Number of</u> | <u>Current</u><br><u>Report</u> |
| Findings         | 25                              |

Details of findings are presented in a separately tabbed report section. The findings in this report are a result of our compliance testing performed at the General Office (including the School District and After Care Services). This report does not include findings developed by the special assistant auditors performing examinations of the individual youth centers. Any findings developed by those special assistant auditors are reported in their separate reports. Any findings regarding procedural or administrative matters relating to all or multiple institutions of the Department of Juvenile Justice are included in this report.

## **SCHEDULE OF FINDINGS**

| <u>Item No.</u>                    | <u>Page</u> | <u>Description</u>  | <u>Finding Type</u>  |
|------------------------------------|-------------|---|--|
| <b>FINDINGS (STATE COMPLIANCE)</b> |             |   |  |
| 08-1                               | 12          | Failure to provide requested engagement documentation in a timely manner or at all and lack of cooperation during the examination | Material Weakness, Significant Deficiency and Material Noncompliance |
| 08-2                               | 15          | Administrative processes not fully segregated   | Material Weakness, Significant Deficiency and Material Noncompliance |
| 08-3                               | 18          | Inaccurate and inadequate equipment and capital asset recordkeeping   | Material Weakness, Significant Deficiency and Material Noncompliance |
| 08-4                               | 21          | Inadequate administration of the locally held residents benefit fund  | Material Weakness, Significant Deficiency and Material Noncompliance |
| 08-5                               | 23          | Failure to expend personal service appropriations in compliance with Legislative intent   | Significant Deficiency and Noncompliance                             |
| 08-6                               | 25          | Inadequate controls over grant reporting  | Significant Deficiency and Noncompliance                             |

## **SCHEDULE OF FINDINGS**

| <u>Item No.</u>                    | <u>Page</u> | <u>Description</u>   | <u>Finding Type</u>                      |
|------------------------------------|-------------|--|--|
| <b>FINDINGS (STATE COMPLIANCE)</b> |             |  |  |
| 08-7                               | 27          | Noncompliance with statutory requirements in providing commissary/concession type services to residents of Youth Centers | Significant Deficiency and Noncompliance |
| 08-8                               | 30          | Administration of benefit funds at Youth Centers   | Significant Deficiency and Noncompliance |
| 08-9                               | 32          | Operation and maintenance of “cash box” imprest funds at Youth Centers   | Significant Deficiency and Noncompliance |
| 08-10                              | 35          | Grant funds not utilized to provide new computers for Illinois Youth Centers   | Significant Deficiency                   |
| 08-11                              | 36          | Payroll timekeeping system not automated   | Significant Deficiency                   |
| 08-12                              | 37          | Employee performance evaluations not documented  | Significant Deficiency and Noncompliance |
| 08-13                              | 38          | Timesheets not submitted in compliance with the State Officials and Employees Ethics Act                                 | Significant Deficiency and Noncompliance |
| 08-14                              | 39          | Inadequate documentation of employee training and no designated training coordinators                                    | Significant Deficiency and Noncompliance |
| 08-15                              | 41          | Standardized procedures for separated employees not being followed   | Significant Deficiency and Noncompliance |
| 08-16                              | 42          | Failure to maintain required personnel and payroll documentation   | Significant Deficiency and Noncompliance |
| 08-17                              | 43          | Noncompliance with the State Employment Records Act  | Significant Deficiency and Noncompliance |
| 08-18                              | 44          | Weaknesses in contract administration  | Significant Deficiency and Noncompliance |
| 08-19                              | 46          | Inadequate procedures regarding State vehicles   | Significant Deficiency and Noncompliance |

## SCHEDULE OF FINDINGS

| <u>Item No.</u>                    | <u>Page</u> | <u>Description</u>  | <u>Finding Type</u>                      |
|------------------------------------|-------------|---|--|
| <b>FINDINGS (STATE COMPLIANCE)</b> |             |   |  |
| 08-20                              | 49          | Failure to document reconciliations were performed in a timely manner                                 | Significant Deficiency and Noncompliance |
| 08-21                              | 50          | Inadequate control of voucher processing  | Significant Deficiency and Noncompliance |
| 08-22                              | 53          | Cash receipts and refunds not paid into the State treasury on a timely basis as required by State law | Significant Deficiency and Noncompliance |
| 08-23                              | 55          | Failure to report required bilingual employee needs information                                       | Significant Deficiency and Noncompliance |
| 08-24                              | 56          | Failure to timely prepare and submit required reports to mandated entities                            | Significant Deficiency and Noncompliance |
| 08-25                              | 58          | Noncompliance with Uniform Disposition of Unclaimed Property Act                                      | Significant Deficiency and Noncompliance |





1000 Churchill Road • Springfield, IL 62702

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Certified Public Accountants &  
Illinois CPA Society

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 have examined the State of Illinois, Department of Juvenile Justice's (the Department) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2008. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

- A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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 Department's compliance with those requirements listed in the first paragraph of this report 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 Department's compliance with specified requirements.

As described in findings 08-1, 08-2, 08-3 and 08-4 in the accompanying Schedule of Findings, the Department did not comply with requirements regarding applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in finding 08-4 in the accompanying Schedule of Findings, the Department did not comply with requirements regarding money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department regarding properly and legally administering, accounting and accurate recordkeeping relating thereto in accordance with law. Compliance with such requirements is necessary, in our opinion, for the Department 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 Department complied, in all material respects, with the requirements listed in the first paragraph of this report during the two years ended June 30, 2008. However, the results of our procedures disclosed other instances of noncompliance, 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 as findings 08-5 through 08-9 and 08-12 through 08-25.

### **Internal Control**

The management of the Department 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 examination, we considered the Department'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 Department's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and other deficiencies that we consider to be material weaknesses.

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 as findings 08-1 through 08-25 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 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, we consider items 08-1 through 08-4 to be material weaknesses.

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

The Department's responses to the findings identified in our examination are described in the accompanying Schedule of Findings. We did not examine the Department's responses and, accordingly, we express no opinion on them.

### **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 2008 and 2007 Supplementary Information for State Compliance Purposes, except for the Schedule of Changes in State Property, Analysis of Employee Overtime, Annual Cost Statistics and Notes, School District #428 Performance Statistics, Participating Educational Institutions – School District #428, Hurricanes Katrina and Rita Cost Reporting, Inmate Assaults on Staff at Illinois Youth Centers, and Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

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

*Schick LLP*

Springfield, Illinois  
August 24, 2009

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

CURRENT FINDINGS  
(STATE COMPLIANCE)

**08-1 FINDING:** (Failure to provide requested engagement documentation in a timely manner or at all and lack of cooperation during the examination)

The Department of Juvenile Justice (Department) did not provide requested documentation to the auditors in a timely manner and generally demonstrated a lack of cooperation during the examination.

As is necessary during a compliance examination, numerous requests were made of the Department during audit fieldwork. 271 specific written requests for information were made to the Department for documentation to perform audit testing. A liaison was provided to the Department's auditors as part of its interagency agreement with the Department of Corrections (DOC). All of these requests were routed through this liaison, as requested by the Department. This employee was assigned to be the audit liaison for all of the compliance and financial engagements of the DOC (which includes all Correctional Centers and Correctional Industries), the Department's Illinois Youth Centers and was also involved in other management duties at the DOC as well as operational duties with the Public Safety Shared Services Center. As a result of the Department's audit request protocol a number of the requested documents were not provided timely. Documents related to 135 requests were provided after the due date as noted below:

| <u>Days Received After<br/>the Due Date of Request</u> | <u>Number of Items</u> |
|--|------------------------|
| 1 to 30  | 84                     |
| 31 to 60   | 19                     |
| 61 to 90   | 12                     |
| 90 to 120  | 10                     |
| Over 120   | 10                     |
| Total  | <u>135</u>             |

Further, the Department did not adequately respond to all auditor requests for information. Specifically, they failed to provide auditors with all the requested documents. For those requests where documents were partially provided auditors could not complete the associated testing and considered the missing items to be exceptions. For example, the Department did not provide:

- 18 of 25 contract deliverables
- 7 of 25 contract monitoring process descriptions
- 17 of 25 license and insurance certifications
- 4 of 5 personally assigned vehicle packets

- 2 of 23 cancellation dates for telecommunication devices
- 1 of 2 supporting documentation from vendor to justify expenditure
- 1 of 15 receipts
- 1 of 25 travel vouchers
- 3 of 25 lapse period vouchers
- 1 of 5 electronic data processing vouchers
- 3 of 15 property listing printouts
- 16 of 85 lump sum vouchers

The following requests for documentation were never provided by the Department and had to be considered exceptions during testing. Many of these are included as part of other findings in this report.

- 3 equipment cost documentation requests
- Fiscal year 2007 Agency Reports of State Property (C-15) and supporting detailed worksheets
- Explanation of postage expense allocation between DOC and the Department of Juvenile Justice for the postage meter at Concordia Court
- Listing of employees personally assigned a Department vehicle which is submitted annually to the Department of Central Management Services (DCMS)
- Bank statements to support the receipts tested for the Juvenile Justice Benefit Fund (Benefit Fund) for fiscal years 2007 and 2008
- June 30, 2008 bank reconciliations for the Benefit Fund
- Report of Receipts and Disbursements for Locally Held Funds (C-17) for fiscal year 2007 or the first three quarters of fiscal year 2008.
- Explanation for late filing of C-17 report for the quarter ended September 30, 2007.

State agencies are required by State law to perform specific duties and responsibilities. Testing of items such as the above provides evidence of the Department's performance of those duties and feedback to the General Assembly regarding the Department's compliance with various statutory requirements.

The Illinois State Auditing Act (30 ILCS 5/3-12) states, "At the request of the Auditor General, each State agency shall, *without delay*, (emphasis added) make available to the Auditor General or his or her designated representative any record or information requested... ."

Department management stated they were unable to provide the requested information timely because of timing constraints and competing priorities.

Because of the significance of the exceptions noted, this is considered to be a significant deficiency in the Department's internal control over State compliance and a material weakness. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to comply in all material respects with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Without being provided support for testing related to the above items, auditors were unable to determine if the Department was performing all of its required duties and responsibilities, as noted in numerous findings in this report. (Finding Code No. 08-1)

**RECOMMENDATION:**

We recommend the Department reevaluate and restructure its external audit process to ensure requested engagement documentation is provided in a timely manner as required by the Illinois State Auditing Act.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency is in the process of reviewing its operations and will plan a restructuring of the audit liaison function in accordance with state statutes and the agreement with the Department of Corrections.

**08-2 FINDING:** (Administrative processes not fully segregated)

The Department of Juvenile Justice (Department) has not segregated many aspects of its administrative processes from the Department of Corrections (DOC) as intended by statute.

Senate Bill 92 was signed into law in November 2005 indicating the intention of separating the Juvenile Justice Division within the Department of Corrections into its own State agency. Public Act 94-696, codified as part of the Department of Juvenile Justice Law (Law) (730 ILCS 5/3-2.5 et seq.) created the Department of Juvenile Justice. The new agency was implemented on June 1, 2006. The Law permitted the Department to share certain administrative services with the Department of Corrections (DOC) or a shared service center, including "...budgeting, accounting related functions, auditing, human resources, legal, procurement, training, data collection and analysis, information technology, internal investigations, intelligence, legislative services, emergency response capability, statewide transportation services, and general office support." 730 ILCS 5/3-2.5-15(e). An interagency agreement between the Department and the DOC effective July 1, 2006 enumerated these services in a written document.

During the examination, auditors noted many instances where the Department's activities should have been segregated from those of DOC but were not because of the longstanding relationship with DOC and overextension of the interagency agreement. While the Department was permitted a short period of time to plan for the creation of a new State agency, the problems noted below were still ongoing during the examination fieldwork and for several months after the end of fiscal year 2008. The specific problems noted were as follows:

- The Department's capital assets are maintained within the DOC Automated Property Control System (APCS) and the Department was unable to extract transaction reports specific to its activity. While it is permissible to utilize the APCS application for capital asset recordkeeping, the Department should ensure that it can identify its activity as necessary so it can maintain its own books and records.
- DOC maintains the adult facility resident portion of the DOC Resident's and Employee's Benefit Fund (Fund 1129) and the juvenile facility resident portion of the Department's Juvenile Justice Benefit Fund (Fund 1395) within one consolidated general ledger in its Fund Accounting and Commissary Trading System (FACTS). The Department could not produce a detailed general ledger specific to its activity and we could not select a sample of receipts and disbursements for testing without the use of data extraction software.
- DOC maintains the adult facility resident portion of the DOC Resident's and Employee's Benefit Fund (Fund 1129) and the juvenile resident portion of the Department's Juvenile Justice Benefit Fund in one umbrella bank account at a local financial institution. Within the umbrella account, subaccounts exist for the

individual facilities. All disbursements are made from one operating subaccount. At any point in time, funds from an adult facility and a juvenile facility could be swept into this operating sub-account for disbursement. Additionally, a higher yielding sweep account is part of this umbrella account. Funds from the Department and DOC are comingled at different times during this sweep process. It was not possible for us to determine how often this occurred. The Department and DOC are two separate and distinct agencies whose funds should not be commingled, especially without adequate accounting records and adequate supporting documentation.

- Department of Corrections personnel stated the Department of Juvenile Justice did not have specific Administrative Directives during fiscal years 2007 and 2008. Rather, the Department followed the DOC Administrative Directives. Subsequent to the end of the examination period, DOC personnel provided the auditors with Department Administrative Directives. Auditors were told that these directives were identical to those of DOC, with simply the page titles being changed. Throughout the course of these findings, DOC Administrative Directives were cited as criteria because those were the guidelines followed during the examination period.
- The Department did not adequately monitor the administrative services provided by DOC. As stated earlier, the Department relies on DOC to provide several specific administrative services. However, services provided were not always adequate considering the problems noted in the following findings, including but not limited to voucher and receipt processing weaknesses, untimely report submissions, and inaccurate recordkeeping.

Department management indicated the exceptions noted were directly related to the timing of the creation of the new agency. They further stated the funds were not entirely split at that time, and the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the agency.

Because of the significance of the exceptions noted, we consider this to be a significant deficiency in the Department's internal control over State compliance and a material weakness. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the ability to comply in all material respects with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states, "All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: (1) resources are utilized efficiently, effectively, and in compliance with applicable law;...(3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; (4) revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation

of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources... ." Failure to adequately segregate certain functions between the Department and DOC does not comply with the intent of the originating legislation and results in inadequate controls within the Department. (Finding Code No. 08-2)

**RECOMMENDATION:**

We recommend the Department accelerate its efforts to segregate its books and records from those of the Department of Corrections to comply with the originating legislation. Additionally, the Department should more effectively monitor the administrative services provided by DOC to ensure the Department's administrative responsibilities are being fulfilled.

**DEPARTMENT RESPONSE:**

The Agency, through its enabling legislation, was required to utilize the administrative functions of the Department of Corrections. In that manner, no resource capacity was given to the Agency to perform those functions. During the audit period, the Agency worked, in coordination with Corrections, to establish an interagency agreement which would detail the functions and services involved. Corrections has, within the existing antiquated technology systems, worked to segregate the books of record to the extent possible.

**08-3 FINDING:** (Inaccurate and inadequate equipment and capital asset recordkeeping)

The Department of Juvenile Justice (Department) did not maintain accurate and adequate equipment and capital asset records.

Auditors tested a sample of 16 equipment items from 3 Department divisions (General Office, School District, and After Care Services) for fiscal years 2007 and 2008 to determine whether the equipment was in the correct location and/or was properly recorded in the Department's property and equipment system. The Department utilizes the Department of Corrections (DOC) Automated Property Control System (APCS). As a result of the testing the following exceptions were noted:

- One (6%) item tested (a computer costing \$505) could not be located.
- Five (31%) items were not recorded on the APCS property listings.
- One (6%) item could not be located at the location listed on the APCS report.

Auditors also identified the following inadequacies in the Department's equipment and capital asset recordkeeping process:

- The Department utilizes a summary worksheet to prepare its quarterly Agency Report of State Property Form (C-15) for submission to the Comptroller's Office. This worksheet contains summarized activity by division and category (land, site improvements, buildings and improvements, equipment, and capital leases). The worksheet does not provide individual transaction detail to support the summarized totals. Because the Department was unable to provide us with detailed information, we were unable to test the composition of the transactions reported on the Form C-15s in fiscal year 2008. The Department did not provide us with the summary worksheets for any of the quarterly fiscal year 2007 Form C-15 submissions.
- Due to the lack of transaction detail noted above, a reconciliation of the Department's Form C-15 submissions for fiscal year 2008 to the property listings generated by the APCS at the end of each month could not be performed.
- The Department indicated APCS generates reports which detail the property transactions for the month. These reports are not cumulative. The Department could not provide the auditors with these reports for the examination period because the Department's property records are comingled with those of the DOC and Department personnel could not extract Department-only data from APCS related to transactions.

- The Department did not adequately document the date 3 of the 8 required quarterly Form C-15s were prepared and submitted to the Office of the Comptroller. Four of the 8 quarterly C-15s were filed late, ranging from 90 to 286 days late. The Form C-15 reports filed for fiscal year 2008 were revised and submitted subsequent to year end.

The State Property Control Act (30 ILCS 605/6.02) states, “Each responsible officer shall maintain a permanent record of all items of property under his jurisdiction and control... .” The Comptroller’s Statewide Accounting Management System (SAMS) procedure 29.10.10 provides agencies with guidance on how to maintain such records and states, “...detail records are to be organized by major asset category and include the following information for each asset: (1) Cost (or other value); (2) function and activity; (3) reference to acquisition source document... (8) location... (13) date, method and authorization of disposition...This list is not exhaustive. An agency may include additional information for its own needs.”

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) (FCIAA) states, “All State agencies shall establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that: ...(3) funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.”

Department management indicated the limitations inherent in a property control system in excess of 30 years old create difficulties in the recordkeeping related to equipment and capital assets. This inherent problem causes the Department to have to maintain several manual spreadsheets and files. Management further indicated, at this time, there is no funding to purchase a new property control system for the Department.

Because of the significance of the failure in the operations of the Department’s internal control to maintain accurate and adequate equipment and capital asset records, this is considered to be a significant deficiency in the Department’s internal control over State compliance and a material weakness. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department’s ability to comply in all material respects, with applicable laws and regulations, including the States uniform accounting system, in its financial and fiscal operations. A material weakness is a significant deficiency or a combination of significant deficiencies that result in more than a remote likelihood that material noncompliance will not be prevented or detected by the Department’s internal control.

The Department had property and equipment totaling \$201,241,178 at June 30, 2008 decentralized throughout the State. Failure to maintain adequate fixed asset records is noncompliance with the State Property Control Act, FCIAA, and SAMS and increases the risk of equipment theft or loss occurring without detection, and has resulted in inaccurate property/fixed asset reporting. (Finding Code No. 08-3)

**RECOMMENDATION:**

We recommend the Department strengthen its procedures over property and equipment to ensure accurate recordkeeping and accountability for all State assets.

**DEPARTMENT RESPONSE:**

Recommendation partially implemented. Within the limitations of the antiquated property control system, the recommendation has been implemented. Procedures are in place to ensure timely and accurate reporting to the best of the ability of the agency within the existing property control system. As resources do not exist to replace the system, several manual processes are required to be maintained, which are subject to human error. The Agency has implemented tracking mechanisms to ensure that appropriate equipment transactions are captured and reported. This process goes in hand with finding #08-6.

**08-4 FINDING:** (Inadequate administration of the locally held residents benefit fund)

During testing the auditors identified exceptions related to the administration of the Department of Juvenile Justice (Department) locally held (bank account) for the resident's portion of the Juvenile Justice Benefit Fund.

During the examination period, the Department's locally held funds were managed independently at each individual Illinois Youth Center (IYC) with the exception of the resident's portion of the Juvenile Justice Benefit Fund. The Department of Corrections (DOC) General Office has assumed responsibility for the administration of the bank account of the resident's portion of the Benefit Fund. The following weaknesses were noted during the testing of the resident's portion of the Juvenile Justice Benefit Fund for the two years ended June 30, 2008:

- The sub-account from which disbursements are made includes transactions from all of the facilities (juvenile, adult, and ATC). The level of detail provided online makes it difficult to determine to whom the transaction belonged. As a result, very few IYCs perform a reconciliation of their activity to that which is recorded in the bank account. A few IYCs have begun to maintain manual journals, but cannot include the calculation of interest as they do not understand how interest is allocated to their sub-account.
- During testing at the IYCs it was found that 2 of 8 (25%) could not access the online banking website.
- Testing was unable to be performed on receipts in the Department's resident's portion of the Benefit Fund. Receipts could not be traced to source documentation, as the source documents are not maintained by DOC's General Office. In addition, receipts could not be traced into the bank statements because the Department did not provide the requested bank statements.

Department management indicated the exceptions noted were directly related to the timing of the creation of a new agency. They further stated the funds were not entirely split at that time and the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the Department.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2) states "Every ...department...shall keep in proper books a detailed itemized account of all moneys received for or on behalf of the State of Illinois... ."

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), requires all State agencies to establish and maintain a system of internal fiscal control to provide assurance that revenues, expenditures and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports.

Because of the significance of the exceptions noted with the Department's locally held fund, this is considered to be a significant deficiency in the Department's internal control over State compliance and a material weakness. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Department's ability to comply in all material respects, with the applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. A material weakness is a significant deficiency or a combination of significant deficiencies that result in a more than remote likelihood that material noncompliance with not be prevented or detected by the Department's internal control.

Failure to adequately administer its locally held fund could lead to fraud, theft, or the use of unavailable monies in the fund causing overdraft charges. Inadequate administration also represents noncompliance with State statutes. (Finding Code No. 08-4)

**RECOMMENDATION:**

We recommend the Department take the following actions to improve its administration of its locally held fund:

- The DOC General Office should work with the IYC personnel to ensure current and relevant financial information is available to them via the online banking site and within FACTS so each IYC is aware of the running balance of its sub-account of the Benefit Fund. If necessary, Department-wide training seminars should be performed to ensure the understanding and the communication of guidance related to the Benefit Fund records.
- Sufficient source documentation should be maintained to support the receipts deposited. Handwritten notes are not sufficient.

**DEPARTMENT RESPONSE:**

Recommendation implemented. In FY09, the funds of the two agencies were split, thus eliminating the confusion regarding the expenditures and receipts. Facilities were given copies of banking statements on a monthly basis and access via the accounting system to track their transactions.

**08-5 FINDING:** (Failure to expend personal service appropriations in compliance with Legislative intent)

The Department of Juvenile Justice (Department) failed to satisfy the legislative intent of its appropriation authority during fiscal years 2007 and 2008 by not expending funds that the legislature appropriated to hire new front line staff.

Public Act 94-798 authorized the Department to expend \$1,250,000 from the General Revenue Fund for expenses related to hiring front line staff in fiscal year 2007. The Department spent \$153,235 from that appropriation. In addition, Public Act 95-0348 authorized the Department to expend \$1,606,900 from the General Revenue Fund for hiring 50 additional front line staff in fiscal year 2008. The Department spent \$0 from that appropriation. Based on the information provided by the Youth Centers there were no new front line staff added during fiscal year 2007 or 2008.

During testing performed at the Department's 8 Youth Centers, information was gathered on the number of front line staff that have left employment with the Department during the engagement period. Based on the information provided, the Youth Centers reported 117 front line staff left employment with the Department during fiscal years 2007 and 2008.

Department management indicated the funds were not expended as the enabling legislation of the Department established new educational requirements for front line staff which required the establishment of a new job classification in accordance with the Personnel Code. Management indicated it took in excess of two years to finalize the new classification. Management further stated during fiscal year 2008, given the deteriorating budget condition of the State, reserves were placed on the Department's funding.

The Department's inability to utilize the amounts appropriated by the legislature in fiscal year 2007 and 2008 for new front line staff added to the short staffing at the Youth Centers.

Required and volunteer overtime and compensatory time is being used to cover staffing shortages. The use of overtime and compensatory time has short and long-term effects on the Department's employees. The short-term consequences are employee burnout and the potential for increased risk of employee safety incidents as employees work extended or additional shifts. The long-term consequences include employees increasing their final average salaries, if they are close to retirement, and receiving increased pension benefits in the future which exceed those expected based upon their authorized salary rates. Effective oversight and security will be negatively impacted if the Department continues to mandate overtime and compensatory time to supplement its staffing levels.

The State Constitution states the General Assembly by law shall make appropriations for all expenditures of public funds of the State. (Article VIII, Section 2(b)). The appropriation laws for fiscal year 2007 and 2008 clearly provided an appropriation for the hiring of front line staff to alleviate the staffing shortfalls encountered by the Department.

Not using the authorized appropriation authority violates the intent of the General Assembly for the hiring of additional front line staff to alleviate the staffing concerns and the significant use of overtime and compensatory time at the Department's Youth Centers. (Finding Code No. 08-5)

**RECOMMENDATION:**

We recommend the Department take steps necessary to meet the intent of the General Assembly when utilizing its appropriation authority.

**DEPARTMENT RESPONSE:**

The Agency was constrained by conditions outside of its control. Due to the enabling legislation of the Agency, a new job classification series had to be created in accordance with the Personnel Code. This prevented new staff from being hired. Since the classification has now been established, the Agency will work within the limitations and guidelines of appropriations language as passed by the legislature.

**08-6 FINDING:** (Inadequate controls over grant reporting)

The Department of Juvenile Justice (Department) failed to implement adequate controls over grant reporting to the Illinois Office of the Comptroller.

The Department is required to report financial information for grants as part of its annual submissions to the Illinois Office of the Comptroller for preparation of statewide financial statements in accordance with Generally Accepted Accounting Principles (GAAP) (GAAP package submissions). Auditors noted the Department incorrectly reported activity on its Interfund Activity-Grantee Agency (SCO-567) form for the following federal programs:

- Title I Program for Neglected and Delinquent Children (CFDA No. 84.013)
- Safe and Drug-Free Schools and Communities – State Grants (CFDA No. 84.186)
- State Grants for Innovative Programs (CFDA No. 84.298)
- Improving Teacher Quality State Grants (CFDA No. 84.367)

The Department of Corrections (DOC) is responsible for performing a portion of the services funded through the above programs pertaining to adults. When received, the Department deposited the funds in Fund 0523 – Department of Corrections Reimbursement Fund, which is a fund shared by the Department and DOC. The Department then made book transfers of these funds to correspond with the DOC's use of the grants. By reporting these grants in this manner, the net effect was the Department understated receivables due from ISBE by \$492,000 and understated expenditures for fiscal year 2008 by \$32,000, resulting in adjustments to GAAP reporting forms for these amounts.

According to the Comptroller's Statewide Accounting Management System (SAMS) procedure 27.20.67, the SCO-567 is utilized by the Office of the Comptroller "to provide receivable and liability adjustments related to transactions with other State funds, to provide mandatory transfer documentation, and to determine entries necessary to the GAAP Trial Balance Forms...also assists in the preparation of the Schedule of Expenditures of Federal Awards (SEFA) for the primary government portion of the State of Illinois' Reporting Entity...this form is to be completed annually and sent to the Comptroller's Office as part of the year-end reporting package."

Failure to properly report grant activity results in noncompliance with SAMS and causes federal expenditure and receivable/payable balances to be incorrect. (Finding Code No. 08-6)

**RECOMMENDATION:**

We recommend the Department establish procedures to report grant activity to the Illinois Office of the Comptroller for only those programs that relate to the Department and properly segregate Department and DOC programs.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency is in the process of separating grants by agency, as opposed to by function. The exceptions noted were related to the timing of the creation of a new agency, Juvenile Justice. The grants were not split by the grantors at that time.

**08-7 FINDING:** (Noncompliance with statutory requirements in providing commissary /concession type services to residents of Youth Centers)

The Department of Juvenile Justice (Department) does not have a formal written contract in place with a vendor providing commissary / concession type services at 5 Youth Centers. One Youth Center that did have a contract with the vendor did not comply with the requirements of the Illinois Procurement Code (Code) and Illinois Administrative Code with regard to the selection of and contracting with the vendor.

The Department maintains a commissary operation for the residents at the Kewanee Youth Center, the other seven Youth Centers utilize a vendor to provide a commissary / concession service. Six of the Youth Centers (Chicago, Harrisburg, Joliet, Pere Marquette, St. Charles and Warrenville) utilize the same vendor to provide a commissary / concession service. Residents indicate on a pricing sheet what they want to purchase, the pricing sheets are sent to the vendor, the items are delivered to the Youth Centers and distributed to the residents. Based on information provided by the Department, the vendor for the six Youth Centers noted above was paid approximately \$266,000 and \$226,000 by the residents, respectively for fiscal years 2007 and 2008 for commissary / concession goods.

The Department's St. Charles Youth Center entered into a contract with the vendor to provide commissary / concession services from 02/10/2005 to 06/30/2008. This agreement was subsequently renewed until 06/30/2011. The remaining Youth Centers that use the same vendor to provide commissary / concession service are not a party to the contract between the vendor and the St. Charles Youth Center and do not have a formal written contract with the vendor. The 5 Youth Centers that use the vendor either provided copies of the signature page of the St. Charles Youth Center contract as a reason why they used the vendor or indicated they used the vendor because the St. Charles Youth Center had a signed contract with the vendor. As a result of the testing performed the following exceptions were noted with the commissary / concession services contract:

- The contract entered into with the vendor was not prepared in a standard contract format and did not provide complete information in the form in which it was prepared. The contract was prepared by piecing together a request for proposal from the vendor to which the contract was awarded. The cover of the RFP received from the vendor had "Commissary Contract, valid 2-10-05 thru 6-30-08" hand written on it and a signature page was added to create a contract format. The signature page included the signature from a representative of the vendor and of the St. Charles Youth Center but did not contain the dates signed or names of the contracting parties. In addition, the witness area, description of contractual purpose, date an invitation for bid was issued and description of contractual needs being addressed on the signature page were not completed.

- The contract was not approved by the Department Director, which at the time would have been the Director of the Department of Corrections. The Assistant Warden of Operations signed the contract both on behalf of the St. Charles Youth Center and the Department. The subsequent renewal of the vendor contract was signed by the St. Charles Youth Center Superintendent, but was not signed by the Director of the Department.
- Neither the solicitation for the commissary / concession service nor the subsequent notice of contract award was publicized in the Illinois Procurement Bulletin. Documentation was provided that proposals were received from three companies, but it was unclear sufficient publication and distribution of the request for proposal had been made. In addition, the contract file did not contain information indicating the basis on which the award was made or that the contract was awarded to the company with the most advantageous proposal to the State.

It was also noted that at June 30, 2008, the vendor price lists being used at three Youth Centers (Warrenville, St. Charles and Joliet) had 29 identical food/snack items priced differently. The three Youth Centers are within 25 miles of each other.

There is no statutory guidance on what is a reasonable markup / commission on goods to be sold to the residents. The Youth Centers, through the vendor, collect a 25% commission on the commissary / concession service sales. The resident's trust fund account is reduced for the amount of the goods purchased based on the total on the pricing list. The money from the resident's trust fund is transferred to the Youth Center's residents benefit fund to pay the vendor billing. The prices charged the residents include a mark-up on the item to provide a 25% profit to be retained in the Youth Center residents benefit fund. The vendor bills the Youth Center(s) for the total amount on the pricing list, the Youth Center residents benefit fund discounts the billing 25% upon remitting the payment to the vendor keeping the 25% in the Youth Center residents benefit fund.

The Department of Corrections utilizes a 25% markup on goods sold in their Correctional Center commissary operations. The 25% markup is the statutory maximum markup that can be added by the Department of Corrections. The profits generated from the markup of the goods sold at the Department of Corrections commissaries is split 60% to pay the cost of operations of the commissaries and 40% to the residents benefit funds. Since the Youth Centers do not have any expenses related to operating a commissary and incur minimal costs in distributing the purchased items from the vendor, the 25% commission collected from the commissary / concession service sales appears to be excessive.

Department management indicated the exception noted regarding the contract was due to an oversight and they are currently working to correct the problem.

30 ILCS 500/20-5 of the Illinois Procurement Code (Code) sets forth that all State contracts, unless exempted, shall be awarded by competitive sealed bidding or competitive sealed proposals. In addition, Section 20-80/(a) of the Code also notes, "all written determinations required under this Article shall be placed in the contract file".

Article 15 of the Code also requires that public notices of the invitation for bids or notice of the request for proposal be published in the Illinois Procurement Bulletin along with the notice of award and detailed information on the award. The Code applies to the Department regardless of the source of the funds with which the contract is paid. Section 290 of the Department of Central Management Services Procurement and Contract Provisions (74 Illinois Administrative Code 290) sets forth the content requirements for contractual agreements.

For the Youth Centers utilizing the vendor without a formal contract, in addition to not complying with the Illinois Procurement Code, neither party has any document to bind them to specific terms regarding the services to be provided or compensation to be paid. The St. Charles Youth Center, in not following the requirements of the Illinois Procurement Code, limited the pool of available vendors for consideration for the commissary / concession service to only a few selected vendors and as a result may not have obtained the best arrangement for the State and residents. (Finding Code No. 08-7)

**RECOMMENDATION:**

We recommend the Department comply with the statutory and Illinois Administrative Code requirements for selecting, awarding and contracting for commissary / concession service to the Youth Centers. In addition, we recommend the Department review the process for pricing goods sold to residents to ensure equitable pricing between Youth Centers that are in close proximity as well as determining a reasonable amount to collect as commission on the commissary / concession sales.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will work to properly bid and award a contract(s) for these services.

**08-8 FINDING:** (Administration of benefit funds at Youth Centers)

Auditors noted numerous exceptions regarding the administration and operation of the benefit funds at Department of Juvenile Justice's (Department) Youth Centers.

Each Youth Center maintains an employee benefit fund and bank account from which expenditures are made for the benefit of the Youth Center employees. Each Youth Center also submits requests for purchases from the Youth Center's inmate benefit fund that is administered from the Illinois Department of Corrections' General Office. The request for items to be purchased from the inmate benefit fund should generally be for items each resident will have a similar opportunity to benefit from. As a result of testing performed at the Youth Centers the following exceptions were identified:

- Five Youth Centers (Chicago, Joliet, Pere Marquette, St. Charles and Warrenville) were identified where the inmate benefit fund committee did not officially meet during the audit period. All of the noted Youth Centers expended funds from their respective inmate benefit fund accounts on a regular basis during the examination period. Department of Corrections' A.D. 02.43.102 requires an inmate benefit fund committee to meet and review requests for expenditures.
- Two Youth Centers (Murphysboro and Kewanee) were identified where the inmate benefit fund committee did not keep minutes of the actions taken when they met during the audit period. Department of Corrections' A.D. 02.43.102 requires an inmate benefit fund committee to keep minutes of their meetings and to distribute a copy of the minutes to each committee member.
- Testing of the inmate and employee benefit fund expenditures identified 4 Youth Centers (Pere Marquette, St. Charles, Kewanee and Joliet) where store gift / purchase cards were used to make purchases as opposed to having the store bill the Youth Center and process the payment through the normal expenditure process. The Youth Centers had purchased and or replenished the amounts available on the gift / purchase cards in excess of \$8,000. The Department does not have a written administrative directive relating to the use, reporting, and safeguarding of gift / purchase cards.

The State Finance Act (Act) (30 ILCS 105/13.3 (b)) notes the Comptroller may provide by rule for the use of purchasing cards by State agencies to pay for purchases that otherwise may be paid out of the agency's petty cash fund and that the rules impose a single transaction limit not to exceed \$500. The Illinois Office of the Comptroller issued rules at 44 Illinois Administrative Code 1130 outlining the guidelines for proper controls and use of purchasing cards, including single item transaction limits of \$500, as well as internal auditing requirements.

Department management indicated the exceptions noted were due to staffing limitations at the Youth Centers and staff errors.

The lack of following the prescribed formal administrative directive results in a breakdown of the authorization process and documentation of decisions and could lead to inappropriate expenditures not being prevented. The lack of an administrative directive outlining the proper use and control of gift / purchase cards increases the potential for unauthorized usage and unapproved spending of benefit funds. (Finding Code No. 08-8)

**RECOMMENDATION:**

We recommend the Department remind their Youth Center staff of the requirements related to the inmate benefit fund administration as set forth in the administrative directives. In addition, the Department should prepare a formal administrative directive in accordance with the Comptroller's rules to cover the overall gift / purchase card process.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure compliance.

**08-9 FINDING:** (Operation and maintenance of “cash box” imprest funds at Youth Centers)

Six of the Department of Juvenile Justice (Department) Youth Centers maintain a “cash box” imprest fund. The “cash box” is supposed to consist of cash from two sources. Cash is maintained in the cash box from the Inmates’ Trust Fund to pay either all or a portion of a resident’s trust account upon their parole or release. In addition, cash is provided through a General Revenue Fund appropriation to the Youth Center to provide gate money and to purchase the resident’s transportation upon release or parole.

During testing of the “cash box” imprest funds at the Youth Centers the following exceptions were noted:

- The Department has never officially requested to establish the “cash box” imprest funds for the Youth Centers with the Illinois Office of the Comptroller.
- The Youth Centers are inappropriately using the Inmates’ Trust Fund and Inmates’ Benefit Fund to supply the “cash box” imprest funds pending reimbursement from the General Revenue Fund for gate and transportation money. In order for the Youth Centers to have cash to provide gate and transportation money, the Youth Centers write a check out of the locally held Inmates’ Trust Fund bank account and obtain cash to use in the “cash box”. The Inmates’ Benefit Fund central bank account periodically reimburses the Inmates’ Trust Fund via check for the amount “loaned” to the “cash box” imprest funds. The Youth Centers forward the General Revenue Fund warrant or wire transfer the amount of vouchered resident gate and travel money to reimburse the Inmates’ Benefit Fund. For fiscal year 2008 the total appropriated amount expended from the General Revenue Fund at all Youth Centers for travel allowances for committed, paroled and discharged prisoners (reimbursements for “cash box” disbursements) was approximately \$16,500.
- The Department closed the travel fund checking account at the Chicago Youth Center during the engagement period and sent the ending balance, \$397, via check to the Murphysboro Youth Center for deposit into their Inmates’ Trust Fund. The travel fund checking account was used to deposit General Revenue Fund warrants and provide cash to the “cash box” imprest fund for resident gate money and transportation costs upon resident release. The money in the Chicago Youth Center travel fund checking account should have been deposited into the General Revenue Fund from which it was originally provided.
- The St. Charles Youth Center has not requested reimbursement of their “cash box” imprest fund since fiscal year 2005 and has paid out \$490 associated with resident gate money and transportation cost since then. When future reimbursement is requested by the Youth Center it will be for disbursements related to previous fiscal years.

- We identified 1 out of 6 (17%) Youth Centers (Warrenville) in which the “cash box” imprest fund was not always counted or reconciled by a person independent of the person assigned custody of the “cash box” imprest fund.

The Comptroller’s Statewide Accounting Management System (SAMS) procedure 09.10.40 requires State agencies that are not required to deposit monies they receive with the State Treasury must notify the Illinois Office of the Comptroller of the establishment of the locally held fund. Department of Corrections (DOC) Administrative Directive 02.42.105 requires all payments from the Inmates’ Trust Fund other than payments to the Inmates’ Commissary Fund and payments of restitution shall be authorized by the offender, or as the result of a court order. In addition, per DOC Administrative Directive 02.40.108, loans may only be made to the Travel and Allowance Revolving Fund, “cash box” imprest fund, when an emergency exists from the Inmates’ Benefit Fund and Inmates’ Commissary Fund.

The Unified Code of Corrections (730 ILCS 5/3-14-1) states the Travel and Allowance Revolving Funds shall be used for advancing travel and expense allowances to committed, paroled and discharged prisoners. Good internal controls dictate that the “cash box” be counted on a surprise basis or reconciled by a person independent of the custodian.

Department management indicated the exceptions noted at the Youth Centers were due to insufficient resources and conflicting priorities. They indicated the Department is mandated by law to provide funds to inmates upon their release.

By using the Inmates’ Trust Fund to loan money to support the “cash box” until the General Revenue Fund reimbursement is received, the Youth Centers are using resident’s personal accounts to fund a Youth Center operation which is not a proper or authorized use of the Inmates’ Trust Fund and against DOC Administrative Directives. In addition, the Illinois Office of the Comptroller’s ability to provide Statewide reporting is impaired when they have no record of the establishment of the funds. It is imperative that good internal controls be maintained at all times when cash is involved. (Finding Code No. 08-9)

**RECOMMENDATION:**

We recommend the Department work with the Illinois Office of the Comptroller to determine the appropriate means to document the establishment of the “cash box” imprest funds, and what reporting is required. We also recommend the Department discontinue using the Inmates’ Trust Fund or Inmates’ Benefit Fund as means to provide cash to pay for travel allowances for committed, paroled and discharged prisoners. In addition, we recommend the Department remind Youth Center staff of the need to maintain good internal controls over the “cash box” imprest fund function.

**DEPARTMENT RESPONSE:**

Recommendation accepted and partially implemented. The Agency will work with the Comptroller regarding the classification of the funds; has reminded the facilities of the requirements of good internal controls; but must, by law, provide inmates being released with travel and allowance funds. These funds are reimbursed by the General Revenue fund, but due to timing, must be ready upon the inmate's release, and not paid weeks later. The Agency will strengthen its controls over the cash boxes and document inspections and counts of the cash in an effort to meet a level of compensating controls.

**08-10 FINDING:** (Grant funds not utilized to provide new computers for Illinois Youth Centers)

The Department of Juvenile Justice (Department) failed to utilize available grant funds to purchase new computers for Illinois Youth Centers (IYC).

During the examination period, the Department was awarded a \$330,000 federal grant from the Illinois Criminal Justice Information Authority (ICJIA) which required the Department to purchase computers and accompanying equipment for the IYCs for the Juvenile Job Preparation Program. The grant term was June 1, 2007 through September 29, 2007. The grant required the Department to purchase computers, install and bolt them to desks at the IYCs, and have the computers operational by September 29, 2007. Department management indicated late grant award notice and the short time frame of the grant period, combined with the extensive grant requirements, resulted in the need to return the funds to ICJIA.

Failure to receive notification of the grant award in a timely manner limited the Department's ability to expand and enhance the programs provided to the juveniles and resulted in the loss of \$330,000 of federal funds to the Department.

As a result of underutilizing available computer resources, the Department did not provide incarcerated youths the potential to acquire the skills that could help them gain employment upon release. (Finding Code No. 08-10)

**RECOMMENDATION:**

We recommend the Department fully utilize future funding that may be available to help the incarcerated youth of the State.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure the received funds are utilized.

**08-11 FINDING:** (Payroll timekeeping system not automated)

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

During the examination period, the Department's human resources responsibilities were consolidated with a number of other State agencies as part of the Public Safety Shared Services Center (PSSSC). The PSSSC was scheduled to create/implement an automated timekeeping system, but it was not created. As noted in previous audits of the Department of Corrections, in which the Department was included as a Division, each Youth Center as well as other functions of the current Department continued to maintain a manual timekeeping system for approximately 1,100 employees. Most Department employees sign in and out, and sign-in sheets are sent to the timekeeping clerk. Other information, including notification of absence and call-in reports, are also forwarded to the timekeepers. No automation is involved except for the processing of payroll warrants.

Prudent business practices suggest that controls available through automated timekeeping systems can provide greater efficiency and reduce the potential for costly errors or employee abuse.

Department officials indicated they thought the automated payroll system project was delayed due to various issues that arose during the creation of the PSSSC. They stated a project began in August 2008, but ceased in January 2009 due to lack of funding.

The lack of an automated timekeeping system increases the risk of errors and reduces the control efficiencies for accurately tracking time. (Finding Code No. 08-11)

**RECOMMENDATION:**

We recommend the Department implement an automated timekeeping system.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency, at this time, does not have the resources to purchase a new timekeeping system. The Agency would participate in a new statewide system should one be purchased.

**08-12 FINDING:** (Employee performance evaluations not documented)

The Department of Juvenile Justice (Department) did not conduct performance evaluations in a timely manner.

During testing of a sample of 50 employee performance evaluations, 48 (96%) were not performed on a timely basis. 19 of 48 (40%) were performed 4 to 254 days late. 29 of 48 (60%) were never performed. In addition, other auditors performing testing at six of the Department's Youth Centers noted 47 evaluations were not performed timely. The evaluations were from 6 days to 2 years late in being performed.

Personnel Rules issued by the Department of Central Management Services (80 Ill. Adm. Code 302.270) require performance records to include an evaluation of employee performance prepared by each agency not less often than annually. In addition, according to the Department of Corrections' Administrative Directive 03.03.110, each employee shall have a list of measurable objectives for a specific work period and shall receive a documented evaluation of his or her job performance at least annually. Supervisory staff shall conduct a formal job performance evaluation on each employee prior to completion of any probationary period and annually thereafter. The results of the evaluation must be submitted from 7 to 30 days prior to the employee's anniversary date or the last day of the probationary period depending if the employee is a bargaining unit or merit compensation employee.

According to Department officials, supervisors and managers are aware of the Administrative Directive. However, the late evaluations could be due to a number of factors, including current staffing constraints and lack of follow-up.

Good internal controls dictate annual evaluations be performed in a timely manner as it is an important component of the communication between the employee and employer on the performance and future expectations of the employee in the workplace. Employee evaluations support administrative personnel decisions by documenting regular performance measures. Late evaluations can cause delays in communicating positive and negative qualities of the employee's work performance. (Finding Code No. 08-12)

**RECOMMENDATION:**

We recommend the Department follow the Personnel Rules and their own Administrative Directive and hold management accountable for completing employee performance evaluations on a timely basis.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure compliance with evaluation requirements.

**08-13 FINDING:** (Timesheets not submitted in compliance with the State Officials and Employees Ethics Act)

The Department of Juvenile Justice (Department) is not requiring all of its employees to submit timesheets as required by the State Officials and Employees Ethics Act.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.”

During testing of timesheets for 25 employees the auditors noted the following exceptions:

- 14 (56%) did not submit timesheets in accordance with the Act. Auditors were provided with either a roll call sheet to demonstrate the employee was present on the day tested or a Sign In/Out sheet. Sign In/Out sheets and Roll Call sheets, which are utilized by most of the Department’s approximately 1,100 employees, document the occurrence and reason for an employee’s absence and are approved by the supervisor. The Sign In/Out sheets and Roll Call sheets do not document time spent to the nearest quarter hour on official State business.
- Auditors were provided an attendance record for the incorrect time period for 6 (24%) other employees tested. Numerous requests were made of Department personnel to obtain the correct documentation, but it was not provided. As a result, auditors could not determine if a timesheet of any sort was properly submitted for those employees.

Additionally, auditors noted timesheets were not submitted in accordance with the Act by employees at the Department’s Youth Centers, nor was there certification that time worked at the Youth Centers was for official State business.

Department management indicated that due to the decentralized nature based upon shifts by staff, the existing manual timekeeping system would not provide this information.

Failure to maintain timesheets documenting time spent each day on official State business to the nearest quarter hour results in noncompliance with the Act. (Finding Code No. 08-13)

**RECOMMENDATION:**

We recommend the Department implement procedures to require employees to maintain timesheets in compliance with the Act.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency is limited in the implementation of the finding recommendation based upon resources and the existing manual timekeeping system. Upon implementation of an automated timekeeping system, this issue should be resolved.

**08-14 FINDING:** (Inadequate documentation of employee training and no designated training coordinators)

The Department of Juvenile Justice (Department) is not properly documenting that all employees complete their minimum required number of training hours. In addition, no training coordinators were designated.

During testing of the Department's training records for fiscal years 2007 and 2008, the Department was unable to provide training documentation for 15 of 25 (60%) employees tested. For the 10 employees for which the Department could provide training documentation, the Department was unable to document that 4 (40%) had met the mandatory training hour requirements. Also, the documentation provided for 3 employees did not properly document the credit hours received. Auditors also noted the Department was unable to document there were training coordinators for the School District and After Care Services.

According to the Department of Corrections' Administrative Directive (A.D.) 03.03.102, clerical and support staff (primarily those who have little or no inmate contact) are required to complete a minimum of 16 hours of training each year after their first year on the job. All other employees are required to complete a minimum of 40 hours each year. To ensure all employees receive training, the Directive further instructs that Training Coordinators shall be designated. The Training Coordinator shall maintain an "Employee Training Record" (Form DOC 0220), or a computer printout with the same information, for each employee that has been assigned to him or her. Since the Department failed to maintain the required documentation for 15 of the 25 employees, auditors were unable to determine if the Department was ensuring its employees met the minimum training requirements.

Department management indicated the finding is related to limited resources to maintain the training documentation needed by the auditors. They further indicated the staff received numerous hours of training every year in order to perform their job duties.

Employees who have not received the minimum training may not be receiving important information and background preparation for their specific job duties. Training is crucial to Department employees, especially in the case of individuals who have direct contact with inmates. In addition, the lack of designated Training Coordinators precludes the Department from ensuring that all employees receive the required training. (Finding Code No. 08-14)

**RECOMMENDATION:**

We recommend the Department allocate sufficient resources to comply with Administrative Directive 03.03.102 to document and ensure employees receive the required training to enable them to perform their specific job duties.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure compliance with training requirements.

**08-15 FINDING:** (Standardized procedures for separated employees not being followed)

The Department of Juvenile Justice (Department) failed to follow the established standardized procedures when employees leave employment with the Department.

When an employee leaves the Department, the employee's supervisor is generally responsible for the completion of an Employee Transfer or Exit Checklist (DOC 0151) to ensure that all Department property has been returned, such as an assigned computer, cell phone, blackberry and credentials. Department of Corrections' Administrative Directive (A.D.) 01.02.155, "Procedure for Transfer or Separation of an Employee" established a formal checklist to ensure all issues affecting separated employees had been addressed. Auditors tested 15 employees who had separated during the examination period, noting the checklist was not completed for 10 (67%) employees and the Business Administrator did not sign and date the checklist, as required by the A.D., for 1 (7%) employee. During fiscal years 2007 and 2008, 7 and 8 employees, respectively, left employment with the Department.

A.D. 01.02.155 states, "All employees shall be advised of and provided access to this directive to ensure appropriate actions are completed when an employee is separating from the Department or transferring within the Department for any reason. Upon notification of separation or transfer, the appropriate Supervisor shall notify the Unit Manager who shall notify the Personnel Office. The Personnel Office shall: a) Notify the Business Administrator; b) Ensure all personnel paperwork is processed; and c) Initiate and forward the Employee Transfer or Exit Checklist, form DOC 0151, to the Unit Manager."

Department management indicated the exceptions noted were due to oversights.

Not following established standardized procedures at the time of employee separation exposes the Department to the potential for State property and credentials not being returned and issues related to their separation not being addressed. Ensuring these procedures are followed is especially important as the Department employed approximately 1,100 employees during the examination period. (Finding Code No. 08-15)

**RECOMMENDATION:**

We recommend the Department remind employees to follow the established Administrative Directive to ensure all State property and credentials are returned and other issues affecting separated employees are addressed.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure compliance with procedures.

**08-16 FINDING:** (Failure to maintain required personnel and payroll documentation)

The Department of Juvenile Justice (Department) failed to maintain all required documentation in the employee's personnel and payroll files.

During testing of a sample of 50 employees, the auditors noted weaknesses with 24 of 50 (48%) employees' personnel files and payroll records. The following weaknesses were noted:

- Eleven of 50 (22%) included a paycode on the Personnel/Position Action Form (CMS-2) in the file that did not agree to the paycode from which the employee was paid on the payroll voucher.
- The Department was unable to provide signed deduction authorization cards for 12 (24%) employees tested. A total of 17 signed deduction authorizations were missing among the 12 employees tested.
- The deduction authorized on the Form W-4 for 1 of 50 (2%) employees did not agree to the deduction listed on the payroll voucher.

Department of Corrections' Administrative Directive 03.02.107 states each employee shall have a personnel file that contains all official documents that trace the employee's work record. The file should include the Personnel/Position Action forms (CMS-2). The Comptroller's Statewide Accounting Management System (SAMS) procedure 23.20.05 requires State agencies to maintain on file a properly completed Federal and Illinois W-4.

Department management indicated the exceptions noted were due to oversights.

The lack of documentation in employee personnel files is in noncompliance with the Department's regulations and SAMS, and could result in potential liability in the event personnel issues are litigated. Not adequately maintaining appropriate documentation increases the risk of inaccurate deductions being made from employee salaries. (Finding Code No. 08-16)

**RECOMMENDATION:**

We recommend the Department ensure all required documentation is maintained in employee personnel and payroll files in compliance with Department Administrative Directives and SAMS.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure documentation is maintained.

**08-17 FINDING:** (Noncompliance with the State Employment Records Act)

The Department of Juvenile Justice (Department) failed to submit its fiscal year 2007 “Agency Workforce Report” to the Governor’s Office as required by the State Employment Records Act.

The State Employment Records Act (5 ILCS 410/1 et seq.) requires State agencies to annually report to the Office of the Secretary of State and the Governor’s Office the number of minorities, women, and physically disabled persons along with the related salary and statistical information to provide State officials and administrators with the information to help guide efforts to achieve a more diversified workforce. The report is to be filed by January 1 of each year.

The Department filed its fiscal year 2007 “Agency Workforce Report” with the Office of the Secretary of State, but failed to file the report with the Governor’s Office. Department management stated they believed the “Agency Workforce Report” was filed as required during the examination period. However, the Governor’s Office noted it was never received and the Department could not provide evidence of the filing.

The data contained in the “Agency Workforce Report” is important to the State’s efforts in achieving a diversified workforce. Failure to file the report with the Governor prevents his Office from receiving relevant feedback and monitoring on programs and can have an effect on future decisions since information was not provided and results in noncompliance with the State Employment Records Act. (Finding Code No. 08-17)

**RECOMMENDATION:**

We recommend the Department implement procedures to ensure the “Agency Workforce Report” is filed with all required parties by January 1 of each year in accordance with State statutes.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure reports are submitted.

**08-18 FINDING:** (Weaknesses in contract administration)

The Department of Juvenile Justice (Department) failed to ensure proper controls were established in the administration of its contracts during the examination period.

During testing of 25 contractual agreements at the General Office, auditors noted one contract (4%) totaling \$344,700 was not filed with the Comptroller within 15 days of execution. The Illinois Procurement Code (30 ILCS 500/20-80(b)) requires that all contracts in excess of \$10,000 be filed with the Comptroller within 15 days of execution. The Department did file a late filing affidavit with the Comptroller.

Additionally, other auditors performing testing at a Youth Center (IYC Kewanee) noted 2 of the contract agreements tested were not signed by all parties prior to the beginning date as set forth in the contract agreements. The average length of time between the beginning date of the contract agreements and their final required signature was 7 days, with a range of 1 day to 13 days. The total of the contract exceptions identified was approximately \$1.05 million.

Auditors also noted the Department could not provide evidence that 7 of 25 (28%) contractual agreements complied with the Department's internal monitoring requirements. The Department's responsibility to oversee the services received through contractual agreements is outlined in the Department of Corrections' Administrative Directive (A.D.) 02.20.182, which states, "The Department shall monitor all contracts except major construction contracts awarded by the Capital Development Board." The A.D. requires monitoring procedures to be developed, based upon the requirements of the contractual agreement, and implemented within 30 calendar days following the date of the Director's signature or the Chief Administrator, if the contract is a local one under \$10,000. Guidelines for monitoring contractual agreements are outlined in the Administrative Directives.

Specifically, the auditors noted:

- The Department did not apply this A.D. requiring it to develop monitoring procedures for 1 (4%) contract totaling \$192,000 because the Department did not consider that the agreement was a contractual agreement which fell under the auspice of the A.D. The contract was for residential treatment for youths on parole.
- Department personnel stated they performed the necessary procedures, as outlined by the A.D., to ensure the vendor provided the services outlined in the contractual agreement for 4 (16%) contracts totaling \$794,212, but the Department was not able to provide sufficient evidence to support its efforts. According to Department personnel, meetings were held between the Department and the vendor and minutes were maintained, but the Department did not provide auditors with evidence to corroborate these statements.

- The Department reviewed the year-end report submission for 2 contracts (8%) totaling \$4,463,912, but the Department did not appear to perform any procedures to ensure compliance with the terms of the contractual agreements throughout the contract term. These efforts did not meet the guidelines of the A.D. These two contracts were for statewide special education programs and special projects and for vocational program at IYC – Harrisburg.

Good internal controls dictate that a properly signed two party agreement be executed prior to the commencement of services. Oversight and public accountability is compromised when contract agreements are not signed in a timely manner. In addition, monitoring should be performed to ensure services rendered meet specifications, contractors provide only those services authorized by the contract, and billings are in compliance with contract terms and relate to services provided.

Department management indicated the exceptions noted were due to errors and oversights.

Failure to properly administer and monitor contractual agreements to ensure compliance with all applicable statutes, procedures and Administrative Directives could potentially compromise public accountability and oversight. In addition, a lack of monitoring increases the risk of paying for services which are not provided and can lead to goods or services being provided that fail to meet the criteria outlined in the contractual agreements. (Finding Code No. 08-18)

**RECOMMENDATION:**

We recommend the Department:

- Implement the necessary controls to adequately administer its contractual agreements and ensure compliance with applicable statutes and procedures.
- Develop a comprehensive monitoring program which includes the development and implementation of written procedures over the procuring of services from outside entities and address scheduling, conducting, and documenting monitoring efforts.

**DEPARTMENT RESPONSE:**

Recommendation partially implemented. The Agency has implemented controls to ensure contracts are processed timely and accurately.

**08-19 FINDING:** (Inadequate procedures regarding State vehicles)

The Department of Juvenile Justice (Department) had several weaknesses regarding vehicle maintenance records, reporting of vehicle accidents, reporting the value of the “personal use” of State vehicles and annual certifications of license and vehicle liability coverage.

Auditors noted Department employees were not ensuring vehicles personally assigned to them were adequately maintained and that accidents involving State vehicles were reported in a timely manner. In addition, the Department did not maintain adequate controls over the reporting of the value of the “personal use” of a State vehicle as a fringe benefit. As a result, taxable fringe benefits related to the personnel use of State vehicles may not be properly recorded. Finally, the annual certification of license and vehicle liability coverage was not completed timely. Specific problems noted were as follows:

- During fiscal year 2008, auditors examined maintenance records for 25 vehicles and noted 15 (60%) vehicles did not receive required annual maintenance in the fiscal year tested. Auditors also noted 22 of the 25 (88%) did not have regular tire rotations performed in accordance with Department policies. Additionally, 16 of the vehicles did not have oil changes on a regular basis in accordance with Department policies. In total, 22 of 25 (88%) vehicles tested received inadequate maintenance. Supporting documents that contained the mileage associated with each oil change could not be provided.

Additionally, auditors noted 35 of the Department’s 110 (32%) vehicles were listed as being in poor, very poor, or inoperable condition during fiscal year 2007 and 30 of the Department’s 102 (29%) vehicles were listed as being in poor, very poor, or inoperable condition during fiscal year 2008. For fiscal year 2008, the auditors at Youth Centers noted that facility personnel consider 5 of the 95 (5%) vehicles to be inoperable.

According to 44 Ill. Adm. Code 5040.400, “All state-owned...or leased vehicles which fall under this Part shall undergo regular service and/or repair in order to maintain the vehicles in road worthy, safe, operating condition and appropriate cosmetic condition. Driver should check oil, coolant, and battery water levels (if possible) regularly, such as at each refueling.” 44 Ill. Adm. Code 5040.410 states, “Agencies shall have vehicles inspected by DCMS at least once per year and shall maintain vehicles in accordance with the schedules provided by DCMS or with other schedules acceptable to DCMS that provide for proper care and maintenance of special use vehicles.” Furthermore, the Department of Correction’s Administrative Directive 01.02.106 (Maintenance and Use of Vehicles) states, “Department vehicles which are personally assigned shall be maintained in full accordance with the manufacturer’s recommendations contained in the owner’s manual and in accordance with Department directives, policies, and procedures. The person to whom the vehicle is assigned shall ensure compliance. Vehicles shall be inspected by a CMS State garage on an annual basis.” Good business practice dictates that vehicles be

maintained to prevent excessive repair costs in the future. Failure to adequately maintain vehicles can cost the State significant amounts in future years through additional repair bills and shortened useful lives for vehicles.

- During testing of 5 reported accidents involving State owned vehicles, auditors noted 2 (40%) instances in which the accidents had not been reported to the Department of Central Management Services (DCMS) on a timely basis. Auditors noted both reports were submitted 1 day late.

According to 44 Ill. Adm. Code 5040.520, “A driver of a state-owned or leased vehicle which is involved in an accident of any type shall report such accident to the appropriate law enforcement agency and to DCMS by completing the “Motorist’s Report of Illinois Motor Vehicle Accident” form (SR-1)...The Form SR-1 is to be completed, as nearly as possible, in its entirety including a clear description of the accident and the conditions surrounding the accident...In no case is this report to be completed later than three (3) days following an accident. If the State driver is incapable of completing the report because of death or disability, the driver’s supervisor should complete this form.” The DOC Administrative Directive 02.75.149 further states, “Accidents involving any vehicle operated in the conduct of state business shall be promptly reported regardless of the dollar amount.” It further states that the Vehicle Accident Coordinator shall submit appropriate reports to DCMS within seven days following the accident. When accident reports are not submitted in a timely manner, facts of the accident may become unclear and it is more difficult to follow up on any possible liability to the Department or the State of Illinois.

- The Department has adopted the U.S. Department of the Treasury Rule and developed Form DC 352, Determination of Value of Personal Use of State Vehicle, to report the value of “personal use” of a State vehicle as a fringe benefit. During testing of employees who were allowed the “personal use” of a State vehicle, the Department could not provide the auditors with documentation for 4 of 5 (80%) of employees tested. Auditors were either provided with incomplete or inadequate information or documentation for a different year than what was requested, which could not be used in testing. Therefore, the auditors were unable to test the fringe benefits related to those 5 employees assigned personal use of State vehicles.

Under the Treasury Rule which is published in the Internal Revenue Services’ Publication 15-B, “Employer’s Tax Guide to Fringe Benefits,” the Department determines the value of a vehicle provided to an employee for commuting use by multiplying each one-way commute by \$1.50. Administrative Directive 01.02.106 requires all Department employees who are subject to vehicle usage income to complete Form DC 352. Form DC 352 is to be completed by the required employees at the start of the calendar year, and indicates this is an estimate of vehicle personal use income for the coming year. This information is entered into the payroll system so that taxes can be withheld each pay period during the year rather than a one-time lump sum withholding in December.

- The Department could not provide documentation for license and insurance certifications for 1 (17%) of the 6 employees tested that were assigned a Department vehicle. Of the 5 license and insurance certifications received and tested, 1 (20%) was not filed by the July 31<sup>st</sup> deadline. The certification was 199 days late.

The Illinois Vehicle Code (625 ILCS 5/7-601) states, “Every employee of a State agency... who is assigned a specific vehicle owned or leased by the State on an ongoing basis shall provide the certification described in this Section annually to the director or chief executive officer of his or her agency. ... The certification shall be provided during the period July 1 through July 31 of each calendar year, or within 30 days of any new assignment of a vehicle on an ongoing basis, whichever is later.” Failure to obtain an updated certification of license and vehicle liability coverage is a violation of a State statute and may result in uninsured, underinsured and/or unlicensed drivers operating State vehicles while performing State business.

Department management indicated the vehicles were routinely maintained, but due to the laborious nature of the existing fleet management system, document input was delayed. Other errors noted were due to oversights. (Finding Code No. 08-19)

**RECOMMENDATION:**

We recommend the Department:

- Enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles.
- Send a formal notice to those employees whose jobs involve travel to remind them of the requirement and importance of filing accident reports in a timely manner. The Department should consider disciplinary action for those employees who do not file reports in a timely manner.
- Monitor the submission of accident reports to ensure the requirements are being met as required by the Administrative Directive.
- Establish controls to ensure compliance with the Treasury Rule.
- Establish a procedure to receive the DC 352 Form from each employee allowed the “personal use” of a State vehicle to ensure proper records for the reporting of fringe benefits.
- Review procedures over timely filing of the required annual certification of license and liability insurance.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency is in the process of seeking a replacement fleet management system from another state agency. Drivers will be reminded of the importance of timely notifications and documentation.

**08-20 FINDING:** (Failure to document reconciliations were performed in a timely manner)

The Department of Juvenile Justice (Department) could not demonstrate the timely reconciliation of Department expenditure records to those of the Illinois Office of the Comptroller, as required by the Comptroller's Statewide Accounting Management System (SAMS).

During testing of 12 division reconciliations (three from four different months during the examination period) of the Department's AIS reports to the Comptroller's Monthly Appropriation Status Report (SB01), auditors noted there were no date stamps or sign offs to indicate when the reconciliations were performed. As a result, it was not possible for the Department to demonstrate when the reconciliations were performed and whether they were performed on a timely manner.

SAMS procedure 11.40.20 states, "Each month, the Comptroller's Office distributes the Monthly Appropriation Status Report to the agencies. The Monthly Appropriation Status Report should be reconciled on a timely basis to ensure the early detection and correction of errors." Agencies are to notify the Comptroller's Office of any irreconcilable differences. Performing timely reconciliations helps ensure necessary corrective action can be taken to locate errors or differences between Agency and Comptroller records.

Department personnel stated the reconciliations were performed each month, but agreed they could not document this because no dates were recorded on the reconciliation worksheets.

Failure to document when reconciliations were performed prevents the Department from adequately monitoring their internal controls over timely completion of reconciliations as well as determining compliance with the SAMS procedures. (Finding Code No. 08-20)

**RECOMMENDATION:**

We recommend the Department personnel preparing the reconciliations sign and date them when completed so the Department can demonstrate timely reconciliations were performed.

**DEPARTMENT RESPONSE:**

Recommendation implemented. Effective with FY09, the reconciliations are dated and signed to prove to the auditors they were done timely.

**08-21 FINDING:** (Inadequate control of voucher processing)

The Department of Juvenile Justice (Department) did not have adequate controls over voucher processing for the General Office and for Youth Centers.

During testing of invoice vouchers, auditors noted:

- Thirty of 175 (17%) vouchers tested at Youth Centers which totaled \$50,423 were not approved within 30 days after receipt of the vendor invoice. The vouchers were approved from 6 to 112 days late. In addition, 3 of 50 (6%) vouchers tested at the General Office which totaled \$31,762 were not approved within 30 days after receipt of the vendor invoice. The vouchers were approved from 23 to 56 days late. The Illinois Administrative Code (74 Ill. Admin. Code 900.70) requires an agency to review an invoice and either deny the invoice in whole or in part, ask for more information necessary to review the invoice, or approve the invoice in whole or in part, within 30 days after physical receipt.

During testing of travel vouchers (Form C-10), auditors noted:

- Two of 25 (8%) vouchers tested did not include the approval signature of the traveler's immediate supervisor which confirms that the traveler was performing official State business during the dates and times of travel and that charges claimed were deemed legitimate. The Illinois Administrative Code (80 Ill. Adm. Code 2800.250), which prescribes the requirements for approval and submission of travel vouchers states, "Each voucher shall be first approved by the individual's immediate supervisor, who shall certify that the travel shown was required by official duties."
- One of 25 (4%) vouchers tested totaling \$200 listed an improper Comptroller's Statewide Accounting Management System (SAMS) code. The SAMS code listed on this voucher did not properly describe the nature of the payment. The Governor's Travel Control Board Travel Guide (Travel Guide) lists and describes the SAMS codes most commonly used for travel vouchers. The travel expenses for this voucher were charged to SAMS code 1291 "In-State Travel – Reimbursements to Employees" but the expenses should have been charged to SAMS code 1293 "In-State Travel – Payments to Vendors" as the voucher was a direct-billing from a hotel.
- Two of 25 (8%) vouchers tested totaling \$347 did not properly include the employee's residence. The Travel Guide states, "The purpose of the travel, employee headquarters and residence, applicable points of departure, destination, dates, and times, are all vital to an expedient processing of the [travel] voucher."
- Three of 25 (12%) vouchers tested totaling \$839 did not properly include a voucher approval date.

- One of 25 (4%) vouchers tested reimbursed lodging in excess of the rates allowed by the Governor’s Travel Control Board Travel Guide. Lodging was paid for employee travel at a rate of \$99 per night for two nights, but the approved rate for the destination of travel was \$70 per night. Approval to pay over the State rate was not documented on the travel voucher. As a result, lodging was overpaid in the amount of \$58.
- Two of 25 (8%) vouchers tested reimbursed travelers for meals in excess of amounts allowed by the Department of Corrections’ Administrative Directives (A.D.s), which the Department follows. The travelers received dinner reimbursements at a rate of \$17 per meal, but the travelers were not on travel status during a time period which would permit this reimbursement. According to A.D. 02.37.101, “For travelers to receive reimbursement for dinner, they must be on travel status and return to their headquarters or residence at least 2 hours after the end of their normal work shift. For employees commencing travel after the close of business, but less than 12 hours after the end of their normal work shift, dinner reimbursement shall be allowed, if travelers are not eligible for per diem.” The Directive further states that per diem is given in lieu of a meal allowance and is only available when the travel period is 18 or more continuous hours or includes overnight lodging.
- One of 25 (4%) vouchers tested was not mathematically correct. The employee was reimbursed \$70 more than supporting documentation provided.

During testing of printing vouchers, auditors noted:

- Three of 25 (12%) vouchers tested totaling \$2,456 were not supported by an approved purchase order. According to Administrative Directive 02.20.106, “all paper orders, regardless of dollar amount...shall be processed through CMS... .” Without a purchase order, the auditors were unable to determine if this purchase was processed through CMS as required by the Department’s A.D.
- One of 25 (4%) vouchers tested totaling \$3,089 did not properly include a voucher approval date.

During testing of equipment vouchers, auditors noted:

- Five of 15 (33%) vouchers tested totaling \$22,304 were not supported by documentation required by purchasing requirements for equipment purchases, including approved equipment listings, contract release orders, and bid documentation.
- One of 15 (7%) vouchers tested totaling \$7,263 was charged to the wrong fiscal year.
- Three of 15 (20%) vouchers tested totaling \$13,604 did not contain accurate tag numbers which could be traced to the property control listing.

During testing of operation of automotive equipment vouchers, auditors noted:

- One of 25 (4%) vouchers tested totaling \$1,410 did not include an indication of approval.
- One of 25 (4%) vouchers tested totaling \$4,775 contained cost information which did not agree to the supporting vendor invoice.

During testing of lapse period vouchers, auditors noted:

- One of 60 (2%) vouchers tested totaling \$561 did not include indication of approval.

During testing of lump sum vouchers at the General Office the auditors noted:

- One of 50 (2%) vouchers tested totaling \$75 was not supported by a vendor invoice. As a result, auditors could not completely test that expenditure.

Department management indicated the exceptions noted were due to oversights and limited resources.

Processing and paying vouchers in a timely manner is important especially as the Department paid interest to vendors in accordance with the Prompt Payment Act totaling \$6,358 during the examination period. Failure to maintain adequate internal controls over expenditures could lead to inappropriate use or misuse of State funds. (Finding Code No. 08-21)

**RECOMMENDATION:**

We recommend the Department comply with the laws, regulations and rules to ensure adequate controls over voucher processing and collect any overpayments previously made to employees.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure vouchers are processed timely and accurately.

**08-22 FINDING:** (Cash receipts and refunds not paid into the State treasury on a timely basis as required by State law)

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

During receipts testing the auditors noted the following exceptions:

- Four of 15 (27%) Youth Center receipts tested totaling \$3,088 were not deposited into the State treasury within the 15 day deposit extension. The receipts were deposited between 4 and 109 days late.
- Supporting documentation for 1 of 15 (7%) Youth Center receipts tested was not provided.

During refund testing the auditors noted the following exceptions:

- Four of 6 General Office refunds tested were salary refunds. Two (50%) of the 4 salary refunds totaling \$47,622 were processed 62 to 91 days late.

The State Officers and Employees Money Disposition Act (30 ILCS 230/2(a)) (Act) states, "Every officer, . . . unless a different time of payment is expressly provided by law or by rules or regulations promulgated under subsection (b) of this Section, shall pay into the State treasury the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000. . . ." The Act further allows the State Treasurer and State Comptroller to grant time extensions for the deposit of public funds. The most recent deposit extension approved for this purpose was a 15 day extension for the period December 6, 2007 through December 6, 2009. Even with the approved deposit extension, the Department did not deposit receipts and refunds in a timely manner. Additionally, the Comptroller's Statewide Accounting Management System (SAMS) procedure 23.20.65 states that salary refunds are to be processed within 60 days of the original issue date.

Department management indicated the errors noted were due to staff errors and transitions of vacancies.

Failure to deposit refunds in a timely manner results in noncompliance with the State Officers and Employees Money Disposition Act and SAMS and improperly withholds funds from the State Treasury. (Finding Code No. 08-22)

**RECOMMENDATION:**

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

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to ensure receipts and refunds are processed timely and accurately.

**08-23 FINDING:** (Failure to report required bilingual employee needs information)

The Department of Juvenile Justice (Department) failed to submit the Bilingual Needs and Pay Survey for fiscal year 2007 to the Department of Central Management Services (DCMS) which was necessary for DCMS to accurately prepare the State's 2008 Hispanic Employment Plan.

DCMS requested receipt of the Department's Bilingual Needs and Bilingual Pay Survey by December 7, 2007. The Department failed to comply with the request. As a result, the Department's bilingual employee needs were not included in the State of Illinois 2008 Hispanic Employment Plan (2008 Plan), which was submitted to the Illinois General Assembly on February 1, 2008. The Department's failure to comply with DCMS' request was cited in the 2008 Plan.

The Civil Administrative Code of Illinois (20 ILCS 405/405-120)(Code) requires DCMS to "...develop and implement plans to increase the number of Hispanics employed by State government and the number of bilingual persons employed in State government at supervisory, technical, professional, and managerial levels." The Code (20 ILCS 405/405-125) further requires all agencies to "...implement strategies and programs in accordance with the State Hispanic Employment Plan to increase the number of Hispanics employed by the State and the number of bilingual persons employed by the State at supervisory, technical, professional, and managerial levels." DCMS develops the plan required by the Code through its assimilation of the needs noted in the Bilingual Needs and Pay Survey completed by each agency.

Department management indicated the exception was due to competing priorities of limited resources.

According to the State's 2008 Plan, the Department employed 58 (3%) of the 2,007 total Hispanic employees statewide in coded positions. The 2008 Plan identified 1,185 of the 2,007 Hispanic employees as those who received bilingual pay. The Department employed 4 (0.3%) of those 1,185 employees. The Department's failure to comply with the DCMS Bilingual Needs and Bilingual Pay Survey request represented a general disregard for the reporting process. Noncompliance also prevented the Department's potential need for more or less bilingual employees from consideration in the 2008 Plan. (Finding Code No. 08-23)

**RECOMMENDATION:**

We recommend the Department submit its annual Bilingual Needs and Bilingual Pay Survey to DCMS in a timely manner.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to file the report information as required.

**08-24 FINDING:** (Failure to timely prepare and submit required reports to mandated entities)

The Department of Juvenile Justice (Department) failed to timely prepare and submit the required reports as follows:

- The Department did not complete the final submission of information for the Service Efforts and Accomplishments (SEA) Report as required by the Office of the State Comptroller for the year ended June 30, 2007. The SEA Report for the year ended June 30, 2008 was not filed until November 19, 2008, 35 days late. The Comptroller's Statewide Accounting Management System (SAMS) procedure 33.20.20 states the form is to be completed annually and sent to the Comptroller's Office as part of the year-end agency Generally Accepted Accounting Principles (GAAP) reporting process and is due to the Comptroller's Office by October 15<sup>th</sup>.
- The Department did not file the Annual Real Property Utilization Report in a timely manner in compliance with the State Property Control Act. During the examination period, the Department filed a combined report with the Department of Corrections (DOC) on December 5, 2007, for fiscal year 2007, and filed a Department-only report on December 12, 2008, for fiscal year 2008. These filings were 35 and 42 days late, respectively. The report submitted for fiscal year 2007 was inaccurate because it contained data combined with DOC, which is a separate State agency. The State Property Control Act (Act) (30 ILCS 7.1(b)) requires agencies to file the Annual Real Property Utilization Report with the Department of Central Management Services (DCMS) by October 30 of each year.
- The Department did not file its Travel Headquarter Reports (TA-2 Report) with the Legislative Audit Commission in a timely manner. The TA-2 Report due January 15, 2007 was filed 16 days late and the TA-2 Report due January 15, 2008 was filed 2 days late. We also noted 1 of 11 (9%) employee travel vouchers tested listed a headquarters on the travel voucher that was different than the employee's headquarters as listed on the TA-2 Report. Further investigation noted the TA-2 Report was incorrect. The State Finance Act (30 ILCS 105/12-3) requires State agencies to file Travel Headquarter Reports with the Legislative Audit Commission for all individuals where official headquarters are located other than where their official duties require them to spend the largest part of their working time. The reports shall be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period July 1 through December 31 of the preceding year.

Department staff indicated the reports were not completed due to timing constraints and conflicting priorities.

Failure to timely prepare and submit required reports prevents the intended entities from receiving relevant feedback and monitoring and can have an effect on future decisions since information was not provided. In addition, failure to timely prepare and submit the required reports results in noncompliance with State statute and SAMS. (Finding Code No. 08-24)

**RECOMMENDATION:**

We recommend the Department prepare and submit required reports in accordance with the established requirements.

**DEPARTMENT RESPONSE:**

Recommendation accepted. The Agency will make every effort to file the report information as required.

**08-25 FINDING:** (Noncompliance with Uniform Disposition of Unclaimed Property Act)

The Department of Juvenile Justice (Department) follows a Department of Corrections (DOC) established Administrative Directive to add back to locally held bank accounts outstanding checks as opposed to sending the outstanding amounts and information to the Treasurer's Unclaimed Property Division, in violation of the Uniform Disposition of Unclaimed Property Act.

DOC Administrative Directive 02.40.14 requires that after checks written from a locally held bank account have been open (outstanding) for a period of 14 months they be voided and the payable related to the check deleted.

The Unified Code of Corrections (730 ILCS 5/3-4-3 (b)) allows the Department to transfer any unclaimed money held in the account of a committed person separated from the Department and unclaimed for a period of 1 year to the State Treasurer for deposit into the General Revenue Fund. This would only apply to inmate account balances in the Inmates' Trust Fund, not to outstanding checks.

The Uniform Disposition of Unclaimed Property Act (Act) (765 ILCS 1025/8.1) states all debts owed, entrusted funds or other property held by the State or by a State agency shall be presumed abandoned if the property (debt owed) has remained unclaimed for 7 years. Debts owed would consist of checks written from the Department's locally held bank accounts that are still outstanding for a period of 7 years. The Act (765 ILCS 1025/11) requires entities holding funds presumed abandoned under this Act to report and remit all abandoned property specified in a report to the State Treasurer. The report and remittance of the property specified in the report shall be filed by governmental entities before November 1 of each year as of June 30.

Department management indicated they were not aware the Act applied to checks written from locally held funds.

Notwithstanding noncompliance with the Uniform Disposition of Unclaimed Property Act, the Department is not providing the opportunity for those that are owed money from the various locally held bank accounts to have the opportunity to claim and collect those amounts. (Finding Code No. 08-25)

**RECOMMENDATION:**

We recommend the Department consult with the Office of the Treasurer's Unclaimed Property Division as to how the Department should handle prior year's outstanding checks that have been added back to the locally held bank accounts. In addition, we recommend the Department work with DOC to change the Administrative Directive to comply with the Uniform Disposition of Unclaimed Property Act and inform those charged with administering locally held bank accounts of the requirements.

**DEPARTMENT RESPONSE:**

The agency is currently consulting with the Chief Legal Counsel at the Treasurer's Office concerning this finding.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

**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 Expenditures of Federal Awards
    - Year Ended June 30, 2008
    - Year Ended June 30, 2007
  - Notes to the Schedules of Expenditures of Federal Awards
  - Schedule of Appropriations, Expenditures and Lapsed Balances
    - Fiscal Year 2008
    - Fiscal Year 2007
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Changes in State Property (Not Examined)
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
- Analysis of Operations:
  - Agency Functions and Planning Program
  - Average Number of Employees
  - Public Safety Shared Services Center (PSSSC)
  - Analysis of Employee Overtime (Not Examined)
  - Annual Cost Statistics and Notes (Not Examined)
  - School District #428 Performance Statistics (Not Examined)
  - Participating Educational Institutions – School District #428 (Not Examined)
  - Emergency Purchases
  - Hurricanes Katrina and Rita Cost Reporting (Not Examined)
  - Inmate Assaults on Staff at Illinois Youth Centers (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 the Schedule of Changes in State Property, Analysis of Employee Overtime,

Annual Cost Statistics and Notes, School District #428 Performance Statistics, Participating Educational Institutions - School District #428, Hurricanes Katrina and Rita Cost Reporting, Inmate Assaults on Staff at Illinois Youth Centers, 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 JUVENILE JUSTICE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008  
(Expressed in Thousands)

| <u>Federal Grantor/Pass-Through Grantor /Program Title</u>              | <u>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------|---------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>                            |                        |                                 |
| Passed Through the Illinois State Board of Education:                   |                        |                                 |
| School Breakfast Program  | 10.553                 | \$ 901                          |
| National School Lunch Program   | 10.555                 | <u>1,654</u>                    |
| Total U.S. Department of Agriculture                                    |                        | <u>2,555</u>                    |
| <b><u>U.S. Department of Justice</u></b>                                |                        |                                 |
| Direct Programs:  |                        |                                 |
| Prisoner Reentry Initiative Demonstration (Offender Reentry)            | 16.202                 | 1                               |
| Passed Through the Illinois Criminal Justice Information Authority:     |                        |                                 |
| Juvenile Accountability Block Grants                                    | 16.523                 | 354                             |
| Violent Offender Incarceration and Truth in Sentencing Incentive Grants | 16.586                 | 732                             |
| Residential Substance Abuse Treatment for State Prisoners               | 16.593                 | 662                             |
| Edward Byrne Memorial Justice Assistance Grant Program                  | 16.738                 | 157                             |
| Passed through the Illinois Department of Human Services:               |                        |                                 |
| Juvenile Justice and Delinquency Prevention-Allocation to States        | 16.540                 | <u>23</u>                       |
| Total U.S. Department of Justice  |                        | <u>1,929</u>                    |
| <b><u>U.S. Department of Labor</u></b>                                  |                        |                                 |
| Direct Programs:  |                        |                                 |
| WIA Pilots, Demonstrations, and Research Projects                       | 17.261                 | <u>340</u>                      |

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2008  
(Expressed in Thousands)

| <u>Federal Grantor/Pass-Through Grantor /Program Title</u> | <u>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------|---------------------------------|
| <b><u>U.S. Department of Education</u></b>                 |                        |                                 |
| Passed Through the Illinois State Board of Education       |                        |                                 |
| Title I Program for Neglected and Delinquent Children      | 84.013                 | \$ 1,309                        |
| Special Education - Grants to States                       | 84.027                 | 906                             |
| Safe and Drug-Free Schools and Communities - State Grants  | 84.186                 | 2                               |
| State Grants for Innovative Programs                       | 84.298                 | 1                               |
| Improving Teacher Quality State Grants                     | 84.367                 | <u>16</u>                       |
| <br>Total U.S. Department of Education                     |                        | <br><u>2,234</u>                |
| <br>Total Expenditures of Federal Awards                   |                        | <br><u><u>\$ 7,058</u></u>      |

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2007  
(Expressed in Thousands)

| <u>Federal Grantor/Pass-Through Grantor /Program Title</u>              | <u>CFDA<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------|---------------------------------|
| <b><u>U.S. Department of Agriculture</u></b>                            |                        |                                 |
| Passed Through the Illinois State Board of Education:                   |                        |                                 |
| School Breakfast Program  | 10.553                 | \$ 865                          |
| National School Lunch Program   | 10.555                 | <u>1,568</u>                    |
| Total U.S. Department of Agriculture                                    |                        | <u>2,433</u>                    |
| <b><u>U.S. Department of Justice</u></b>                                |                        |                                 |
| Passed Through the Illinois Criminal Justice Information Authority:     |                        |                                 |
| Juvenile Accountability Block Grants                                    | 16.523                 | 296                             |
| Violent Offender Incarceration and Truth in Sentencing Incentive Grants | 16.586                 | 391                             |
| Residential Substance Abuse Treatment for State Prisoners               | 16.593                 | <u>948</u>                      |
| Total U.S. Department of Justice  |                        | <u>1,635</u>                    |
| <b><u>U.S. Department of Labor</u></b>                                  |                        |                                 |
| Direct Programs:  |                        |                                 |
| WIA Pilots, Demonstrations, and Research Projects                       | 17.261                 | <u>240</u>                      |
| <b><u>U.S. Department of Education</u></b>                              |                        |                                 |
| Passed Through the Illinois State Board of Education                    |                        |                                 |
| Title I Program for Neglected and Delinquent Children                   | 84.013                 | 1,506                           |
| Special Education - Grants to States                                    | 84.027                 | 622                             |
| Safe and Drug-Free Schools and Communities - State Grants               | 84.186                 | 2                               |
| State Grants for Innovative Programs                                    | 84.298                 | 1                               |
| Improving Teacher Quality State Grants                                  | 84.367                 | <u>20</u>                       |
| Total U.S. Department of Education                                      |                        | <u>2,151</u>                    |
| Total Expenditures of Federal Awards                                    |                        | <u><u>\$ 6,459</u></u>          |

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

For the Years Ended June 30, 2008 and 2007

1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards present the federal award programs of the Department of Juvenile Justice (Department). The Schedules of Expenditures of Federal Awards include the expenditures of all federal awards received by the Department.

The Schedules of Expenditures of Federal Awards were prepared for State compliance purposes only. A separate single audit of the Department was not conducted. A separate single audit of the entire State of Illinois (which includes the Department) was performed and released under separate cover.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards for the year ended June 30, 2008 has been prepared on a cash basis of accounting. The Schedule of Expenditures of Federal Awards for the year ended June 30, 2007 has been prepared on the modified accrual basis of accounting as prescribed in pronouncements issued by the Governmental Accounting Standards Board.

3. DESCRIPTION OF FEDERAL AWARD PROGRAMS

The following is a brief description of the significant grant programs included in the Schedule of Expenditures of Federal Awards:

U.S. Department of Agriculture

- A. School Breakfast Program – CFDA No. 10.553 – The objective of the School Breakfast Program is to provide a nutritious nonprofit breakfast service for school children through cash grants and food donations.
- B. National School Lunch Program – CFDA No. 10.555 – The National School Lunch Program assists states in making the school lunch program available to school children and to encourage the domestic consumption of nutritious agricultural commodities.

U.S. Department of Justice

- A. Violent Offender Incarceration and Truth in Sentencing Incentive Grants – CFDA No. 16.586 – Violent Offender Incarceration and Truth in Sentencing Incentive (VOITIS) grants assists in providing funds to individual states to build or expand 1) correctional facilities to increase the bed capacity for confinement of Part 1 violent offenders; 2) temporary or permanent correctional facilities including facilities on military bases, prison barges and boot camps for the confinement of nonviolent offenders for the purpose of freeing prison space for violent offenders; 3) jails.
- B. Residential Substance Abuse Treatment for State Prisoners – CFDA No. 16.593 – The Residential Substance Abuse Treatment for State Prisoners program develops and implements residential substance abuse treatment programs within state correctional facilities in which prisoners are incarcerated for a period of time sufficient to permit substance abuse treatment.

U.S. Department of Education

- A. Title I Program for Neglected and Delinquent Children – CFDA No. 84.013 – The Title I program helps provide education continuity for children and youth in state-run institutions for juveniles and in adult correctional institutions so the youth can make successful transitions to school or employment once they are released.
- B. Special Education – Grants to States – CFDA No. 84.027 – The objective of the Special Education grants is to assist states in providing a free appropriate public education to all children with disabilities.

4. AMOUNTS PAID TO SUBRECIPIENTS

The Department did not provide federal awards to subrecipients during the years ended June 30, 2008 and 2007.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fourteen Months Ended August 31, 2008

| <u>Public Act 95-0348</u>                                 | Appropriations<br>(Net After<br>Transfers) | Expenditures<br>Through<br>June 30, 2008 | Lapse Period<br>Expenditures<br>July 1 to<br>August 31 | Total<br>Expenditures | Balances<br>Lapsed |
|---|--|--|--|-----------------------|--------------------|
| GENERAL REVENUE FUND - 0001                               |  |  |  |                       |                    |
| General Office:   |  |  |  |                       |                    |
| Personal services   | \$ 195,900                                 | \$ -                                     | \$ -   | \$ -                  | \$ 195,900         |
| State contributions to state employees' retirement system | 32,500                                     | -  | -  | -                     | 32,500             |
| State contributions to social security                    | 9,200                                      | 2,123                                    | -  | 2,123                 | 7,077              |
| Contractual services                                      | 85,700                                     | 35,406                                   | 12,418   | 47,824                | 37,876             |
| Commodities   | 1,900                                      | 578                                      | -  | 578                   | 1,322              |
| Printing  | 300  | -  | -  | -                     | 300                |
| Equipment   | 1,100                                      | 779                                      | 280  | 1,059                 | 41                 |
| Electronic data processing                                | 517,900                                    | 482,678                                  | 35,184   | 517,862               | 38                 |
| Telecommunications services                               | 9,800                                      | 735                                      | 8,984  | 9,719                 | 81                 |
| Tort claims   | 47,000                                     | -  | -  | -                     | 47,000             |
| Sheriffs' fees for conveying prisoners                    | 37,500                                     | -  | -  | -                     | 37,500             |
| State's share of Assistant State's Attorney's salaries    | 41,800                                     | -  | -  | -                     | 41,800             |
| Payment of statewide hospitalization                      | 489,800                                    | 35,669                                   | 10,643   | 46,312                | 443,488            |
| Repairs, maintenance, and other capital improvements      | 236,000                                    | 28,015                                   | 157,150  | 185,165               | 50,835             |
| Hiring of 50 additional front line staff                  | 1,606,900                                  | -  | -  | -                     | 1,606,900          |
|   | <u>3,313,300</u>                           | <u>585,983</u>                           | <u>224,659</u>   | <u>810,642</u>        | <u>2,502,658</u>   |
| School District:  |  |  |  |                       |                    |
| Personal services   | 5,330,300                                  | 4,795,100                                | 251,301  | 5,046,401             | 283,899            |
| State contributions to state employees' retirement system | 882,800                                    | 782,536                                  | 41,115   | 823,651               | 59,149             |
| State contributions to teachers' retirement system        | 2,700                                      | 426                                      | 19   | 445                   | 2,255              |
| State contributions to social security                    | 397,800                                    | 344,364                                  | 17,987   | 362,351               | 35,449             |
| Contractual services                                      | 2,221,100                                  | 1,695,663                                | 448,968  | 2,144,631             | 76,469             |
| Travel  | 4,000                                      | 2,860                                    | 939  | 3,799                 | 201                |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fourteen Months Ended August 31, 2008

| <u>Public Act 95-0348</u>                                 | Appropriations<br>(Net After<br>Transfers) | Expenditures<br>Through<br>June 30, 2008 | Lapse Period<br>Expenditures<br>July 1 to<br>August 31 | Total<br>Expenditures | Balances<br>Lapsed   |
|---|--|--|--|-----------------------|----------------------|
| GENERAL REVENUE FUND - 0001 (continued)                   |  |  |  |                       |                      |
| School District (Continued):                              |  |  |  |                       |                      |
| Commodities   | \$ 47,700                                  | \$ 30,303                                | \$ 14,520  | \$ 44,823             | \$ 2,877             |
| Printing  | 9,100                                      | 5,410                                    | 3,108  | 8,518                 | 582                  |
| Telecommunications services                               | 1,900                                      | 183                                      | -  | 183                   | 1,717                |
| Operation of automotive equipment                         | 5,100                                      | -  | -  | -                     | 5,100                |
|   | <u>8,902,500</u>                           | <u>7,656,845</u>                         | <u>777,957</u>   | <u>8,434,802</u>      | <u>467,698</u>       |
| After Care Services:                                      |  |  |  |                       |                      |
| Personal services   | 1,071,500                                  | 231,300                                  | 9,719  | 241,019               | 830,481              |
| State contributions to state employees' retirement system | 177,500                                    | 38,349                                   | 1,611  | 39,960                | 137,540              |
| State contributions to social security                    | 57,700                                     | 16,567                                   | 726  | 17,293                | 40,407               |
| Contractual services                                      | 2,764,200                                  | 1,909,874                                | 577,621  | 2,487,495             | 276,705              |
| Travel  | 12,600                                     | 11,465                                   | 1,060  | 12,525                | 75                   |
| Travel and allowance for prisoners                        | 1,900                                      | 875                                      | -  | 875                   | 1,025                |
| Commodities   | 1,500                                      | 398                                      | -  | 398                   | 1,102                |
| Printing  | 300  | 43                                       | -  | 43                    | 257                  |
| Telecommunications services                               | 22,500                                     | 7,208                                    | 15,250   | 22,458                | 42                   |
| Operation of automotive equipment                         | 5,100                                      | 1,044                                    | -  | 1,044                 | 4,056                |
|   | <u>4,114,800</u>                           | <u>2,217,123</u>                         | <u>605,987</u>   | <u>2,823,110</u>      | <u>1,291,690</u>     |
| <br>Total General Revenue Fund                            | <br><u>16,330,600</u>                      | <br><u>10,459,951</u>                    | <br><u>1,608,603</u>                                   | <br><u>12,068,554</u> | <br><u>4,262,046</u> |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fourteen Months Ended August 31, 2008

| <u>Public Act 95-0348</u>  | Appropriations<br>(Net After<br>Transfers) | Expenditures<br>Through<br>June 30, 2008 | Lapse Period<br>Expenditures<br>July 1 to<br>August 31 | Total<br>Expenditures    | Balances<br>Lapsed       |
|--|--|--|--|--------------------------|--------------------------|
| DEPARTMENT OF CORRECTIONS REIMBURSEMENT FUND - 0523  |  |  |  |                          |                          |
| Statewide services and grants:   |  |  |  |                          |                          |
| School district programs expenses  | \$ 5,000,000                               | \$ 2,197,624                             | \$ 343,216   | \$ 2,540,840             | \$ 2,459,160             |
| Federal programs including construction of additional beds, treatment programs, juvenile supervision | 3,000,000                                  | 2,211,021                                | 226,961  | 2,437,982                | 562,018                  |
| Medical costs, food expenditures, various construction costs   | 5,000,000                                  | 340,117                                  | 20,720   | 360,837                  | 4,639,163                |
| Total Department of Corrections Reimbursement Fund   | <u>13,000,000</u>                          | <u>4,748,762</u>                         | <u>590,897</u>   | <u>5,339,659</u>         | <u>7,660,341</u>         |
| <br>TOTAL APPROPRIATED FUNDS   | <br><u>\$ 29,330,600</u>                   | <br><u>\$ 15,208,713</u>                 | <br><u>\$ 2,199,500</u>                                | <br><u>\$ 17,408,213</u> | <br><u>\$ 11,922,387</u> |

Notes: All data in this schedule has been obtained from Department records and reconciled to those of the State Comptroller. No balances were reappropriated as of July 1, 2008.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE - GENERAL OFFICE  
(Including School District and After Care Services)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fourteen Months Ended August 31, 2007

| <u>Public Acts 94-798; 95-144</u>                         | <u>Appropriations<br/>(Net After<br/>Transfers)</u> | <u>Expenditures<br/>Through<br/>June 30, 2007</u> | <u>Lapse Period<br/>Expenditures<br/>July 1 to<br/>August 31</u> | <u>Total<br/>Expenditures</u> | <u>Balances<br/>Lapsed</u> |
|---|---|---|--|-------------------------------|----------------------------|
| <b>GENERAL REVENUE FUND - 0001</b>                        |   |   |  |                               |                            |
| General Office:   |   |   |  |                               |                            |
| Personal services   | \$ 64,300   | \$ 44,068   | \$ -   | \$ 44,068                     | \$ 20,232                  |
| State contributions to state employees' retirement system | 5,200   | 5,086   | -  | 5,086                         | 114                        |
| State contributions to social security                    | 6,300   | 3,261   | 2,888  | 6,149                         | 151                        |
| Contractual services                                      | 49,600  | 10,894  | 38,567   | 49,461                        | 139                        |
| Equipment   | 1,700   | -   | -  | -                             | 1,700                      |
| Electronic data processing                                | 60,300  | -   | 60,139   | 60,139                        | 161                        |
| Telecommunications services                               | 16,200  | -   | 9,109  | 9,109                         | 7,091                      |
| Payment of statewide hospitalization                      | 489,800   | 34,274  | -  | 34,274                        | 455,526                    |
| Repairs, maintenance and other capital improvements       | 236,000   | -   | -  | -                             | 236,000                    |
|   | <u>929,400</u>                                      | <u>97,583</u>                                     | <u>110,703</u>   | <u>208,286</u>                | <u>721,114</u>             |
| School District:  |   |   |  |                               |                            |
| Personal services   | 5,005,500   | 4,118,805   | 204,265  | 4,323,070                     | 682,430                    |
| State contributions to state employees' retirement system | 490,300   | 467,021   | 23,204   | 490,225                       | 75                         |
| State contributions to teachers' retirement system        | 1,700   | 401   | 17   | 418                           | 1,282                      |
| State contributions to social security                    | 342,400   | 296,542   | 14,827   | 311,369                       | 31,031                     |
| Contractual services                                      | 1,033,700   | 292,001   | 735,851  | 1,027,852                     | 5,848                      |
| Travel  | 4,000   | 677   | 2,474  | 3,151                         | 849                        |
| Commodities   | 51,300  | 26,763  | 21,004   | 47,767                        | 3,533                      |
| Printing  | 9,500   | 5,326   | 3,721  | 9,047                         | 453                        |
| Telecommunications services                               | 1,900   | -   | -  | -                             | 1,900                      |
| Operation of automotive equipment                         | 800   | -   | -  | -                             | 800                        |
|   | <u>6,941,100</u>                                    | <u>5,207,536</u>                                  | <u>1,005,363</u>   | <u>6,212,899</u>              | <u>728,201</u>             |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE - GENERAL OFFICE  
(Including School District and After Care Services)

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fourteen Months Ended August 31, 2007

| <u>Public Acts 94-798; 95-144</u>  | <u>Appropriations<br/>(Net After<br/>Transfers)</u> | <u>Expenditures<br/>Through<br/>June 30, 2007</u> | <u>Lapse Period<br/>Expenditures<br/>July 1 to<br/>August 31</u> | <u>Total<br/>Expenditures</u> | <u>Balances<br/>Lapsed</u> |
|--|---|---|--|-------------------------------|----------------------------|
| GENERAL REVENUE FUND - 0001 (continued)  |   |   |  |                               |                            |
| After Care Services:   |   |   |  |                               |                            |
| Personal services  | \$ 1,134,600  | \$ 166,556  | \$ 9,137   | \$ 175,693                    | \$ 958,907                 |
| State contributions to state employees' retirement system  | 119,100   | 19,213  | 1,054  | 20,267                        | 98,833                     |
| State contributions to social security   | 15,600  | 11,882  | 683  | 12,565                        | 3,035                      |
| Contractual services   | 2,723,000   | 2,240,674   | 476,228  | 2,716,902                     | 6,098                      |
| Travel   | 11,300  | 8,829   | 2,216  | 11,045                        | 255                        |
| Travel and allowance for prisoners   | 1,800   | 1,750   | -  | 1,750                         | 50                         |
| Commodities  | 6,400   | 889   | 20   | 909                           | 5,491                      |
| Printing   | 300   | 216   | -  | 216                           | 84                         |
| Telecommunications services  | 15,800  | 226   | 9,918  | 10,144                        | 5,656                      |
| Expenses related to front line staff   | 1,250,000   | 130,670   | 22,565   | 153,235                       | 1,096,765                  |
|  | <u>5,277,900</u>                                    | <u>2,580,905</u>                                  | <u>521,821</u>   | <u>3,102,726</u>              | <u>2,175,174</u>           |
| <br>Total General Revenue Fund   | <br><u>13,148,400</u>                               | <br><u>7,886,024</u>                              | <br><u>1,637,887</u>   | <br><u>9,523,911</u>          | <br><u>3,624,489</u>       |
| DEPARTMENT OF CORRECTIONS REIMBURSEMENT FUND - 0523  |   |   |  |                               |                            |
| General Office:  |   |   |  |                               |                            |
| School district programs expenses  | 5,000,000   | 2,057,473   | 114,269  | 2,171,742                     | 2,828,258                  |
| Federal programs including construction of additional beds, treatment programs, juvenile supervision | 2,000,000   | 1,507,836   | 389,238  | 1,897,074                     | 102,926                    |
| Medical costs, food expenditures, various construction costs   | 2,500,000   | 1,960,900   | 496,755  | 2,457,655                     | 42,345                     |
| Total Department of Corrections Reimbursement Fund   | <u>9,500,000</u>                                    | <u>5,526,209</u>                                  | <u>1,000,262</u>   | <u>6,526,471</u>              | <u>2,973,529</u>           |
| <br>TOTAL APPROPRIATED FUNDS   | <br><u>\$ 22,648,400</u>                            | <br><u>\$ 13,412,233</u>                          | <br><u>\$ 2,638,149</u>  | <br><u>\$ 16,050,382</u>      | <br><u>\$ 6,598,018</u>    |

Notes: All data in this schedule has been obtained from Department records and reconciled to those of the State Comptroller. No balances were reappropriated as of July 1, 2007.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Years Ended June 30, 2008 and 2007

|   | Fiscal Year  |                            |
|---|--------------|----------------------------|
|   | 2008         | 2007                       |
|   | P.A. 95-0348 | P.A. 94-798<br>P.A. 95-144 |
| <b>APPROPRIATED FUNDS</b>                                 |              |                            |
| <b>General Revenue Fund - 0001</b>                        |              |                            |
| General Office:   |              |                            |
| Appropriations (net after transfers)                      | \$ 3,313,300 | \$ 929,400                 |
| Expenditures  |              |                            |
| Personal services   | -            | 44,068                     |
| State contributions to state employees' retirement system | -            | 5,086                      |
| State contributions to social security                    | 2,123        | 6,149                      |
| Contractual services                                      | 47,824       | 49,461                     |
| Commodities   | 578          | -                          |
| Equipment   | 1,059        | -                          |
| Electronic data processing                                | 517,862      | 60,139                     |
| Telecommunications services                               | 9,719        | 9,109                      |
| Payment of statewide hospitalization                      | 46,312       | 34,274                     |
| Repairs, maintenance, and other capital improvements      | 185,165      | -                          |
| Total expenditures  | 810,642      | 208,286                    |
| Lapsed balances   | \$ 2,502,658 | \$ 721,114                 |
| School District:  |              |                            |
| Appropriations (net after transfers)                      | \$ 8,902,500 | \$ 6,941,100               |
| Expenditures  |              |                            |
| Personal services   | 5,046,401    | 4,323,070                  |
| State contributions to state employees' retirement system | 823,651      | 490,225                    |
| State contributions to teachers' retirement system        | 445          | 418                        |
| State contributions to social security                    | 362,351      | 311,369                    |
| Contractual services                                      | 2,144,631    | 1,027,852                  |
| Travel  | 3,799        | 3,151                      |
| Commodities   | 44,823       | 47,767                     |
| Printing  | 8,518        | 9,047                      |
| Telecommunications services                               | 183          | -                          |
| Total expenditures  | 8,434,802    | 6,212,899                  |
| Lapsed balances   | \$ 467,698   | \$ 728,201                 |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Years Ended June 30, 2008 and 2007

|  | Fiscal Year   |                            |
|--|---------------|----------------------------|
|  | 2008          | 2007                       |
|  | P.A. 95-0348  | P.A. 94-798<br>P.A. 95-144 |
| <b>General Revenue Fund - 0001 (continued)</b>   |               |                            |
| After Care Services:   |               |                            |
| Appropriations (net after transfers)   | \$ 4,114,800  | \$ 5,277,900               |
| Expenditures   |               |                            |
| Personal services  | 241,019       | 175,693                    |
| State contributions to state employees' retirement system  | 39,960        | 20,267                     |
| State contributions to social security   | 17,293        | 12,565                     |
| Contractual services   | 2,487,495     | 2,716,902                  |
| Travel   | 12,525        | 11,045                     |
| Travel and allowance for prisoners   | 875           | 1,750                      |
| Commodities  | 398           | 909                        |
| Printing   | 43            | 216                        |
| Telecommunications services  | 22,458        | 10,144                     |
| Operation of automotive equipment  | 1,044         | -                          |
| Expenses related to frontline staff  | -             | 153,235                    |
| Total expenditures   | 2,823,110     | 3,102,726                  |
| Lapsed balances  | \$ 1,291,690  | \$ 2,175,174               |
| <b>Department of Corrections Reimbursement Fund - 0523</b>   |               |                            |
| General Office:  |               |                            |
| Appropriations (net after transfers)   | \$ 13,000,000 | \$ 9,500,000               |
| Expenditures   |               |                            |
| School district programs   | 2,540,840     | 2,171,742                  |
| Federal programs including construction of additional beds, treatment programs, juvenile supervision | 2,437,982     | 1,897,074                  |
| Medical costs, food expenditures, various construction costs   | 360,837       | 2,457,655                  |
| Total expenditures   | 5,339,659     | 6,526,471                  |
| Lapsed balances  | \$ 7,660,341  | \$ 2,973,529               |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Years Ended June 30, 2008 and 2007

|                                       | Fiscal Year   |                            |
|---------------------------------------|---------------|----------------------------|
|                                       | 2008          | 2007                       |
|                                       | P.A. 95-0348  | P.A. 94-798<br>P.A. 95-144 |
| <b>Total - All Appropriated Funds</b> |               |                            |
| Appropriations (net after transfers)  | \$ 29,330,600 | \$ 22,648,400              |
| Expenditures                          | 17,408,213    | 16,050,382                 |
| Lapsed balances                       | \$ 11,922,387 | \$ 6,598,018               |

Note: The comparative schedule of net appropriations, expenditures, and lapsed balances does not include State Officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2008 and 2007, State Officers' salaries were \$0 because the individual assigned to the position of Director was considered "acting" and his salary was paid from the After Care Services Division.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Fiscal Years Ended June 30, 2008 and 2007

NOT EXAMINED

|                          | <u>Equipment</u>    | <u>Land and Land<br/>Improvements</u> | <u>Buildings</u> | <u>Site<br/>Improvements</u> | <u>Capital Lease<br/>Equipment</u> | <u>Total</u>        |
|--------------------------|---------------------|---------------------------------------|------------------|------------------------------|------------------------------------|---------------------|
| Balance at July 1, 2006  | See Note below.     |                                       |                  |                              |                                    |                     |
| Additions                |                     |                                       |                  |                              |                                    |                     |
| Deletions                |                     |                                       |                  |                              |                                    |                     |
| Net Transfers            |                     |                                       |                  |                              |                                    |                     |
| Balance at June 30, 2007 | <u>\$ -</u>         | <u>\$ -</u>                           | <u>\$ -</u>      | <u>\$ -</u>                  | <u>\$ -</u>                        | <u>\$ -</u>         |
| Balance at July 1, 2007  |                     |                                       |                  |                              |                                    |                     |
| Additions                |                     |                                       |                  |                              |                                    |                     |
| Deletions                |                     |                                       |                  |                              |                                    |                     |
| Net Transfers            |                     |                                       |                  |                              |                                    |                     |
| Balance at June 30, 2008 | <u>\$ 3,094,395</u> | <u>\$ -</u>                           | <u>\$ -</u>      | <u>\$ -</u>                  | <u>\$ -</u>                        | <u>\$ 3,094,395</u> |

Note: As indicated in Finding 08-3, the Department did not provide copies of the supporting documentation for the fiscal year 2007 Agency Report of State Property Forms (C-15). Additionally, the documentation provided only included equipment located at the Illinois Youth Centers. We utilized property reports generated by the Department's Automated Property Control System, but were not provided with them for every month of the examination period. Because of these weaknesses, this schedule is not examined.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Fiscal Years Ended June 30, 2008 and 2007

|   | 2008         | 2007         |
|---|--------------|--------------|
| <u>Fund 0001 - General Revenue Fund</u>                             |              |              |
| Illinois Youth Centers:   |              |              |
| Jury duty   | \$ 17        | \$ 2,823     |
| Dormant accounts  | 3,009        | 13,659       |
| Sale of old and broken pallets                                      | -            | 7,238        |
| Purchase of temporary IDs   | 55           | -            |
| Contraband money  | 18,953       | -            |
| Prior year refunds  | 230          | -            |
| Lost badges   | 4,338        | -            |
| Miscellaneous   | 3,264        | 1,014        |
| Total - Fund 0001   | 29,866       | 24,734       |
| <br><u>Fund 0523 - Department of Corrections Reimbursement Fund</u> |              |              |
| General Office:   |              |              |
| Illinois Criminal Justice Information Authority                     | 1,683,650    | 1,797,029    |
| Illinois State Board of Education                                   | 5,281,217    | 4,001,716    |
| General Revenue Fund  | 648,551      | 496,627      |
| Illinois Violence Prevention Authority                              | 5,975        | 5,000        |
| U.S. Department of Labor  | 376,684      | 50,000       |
| Illinois Department of Human Services                               | 49,200       | -            |
| Private organizations   | 7,872        | -            |
| Prior year refunds  | 25,370       | -            |
| Total - Fund 0523   | 8,078,519    | 6,350,372    |
| Total Funds 0001 and 0523   | \$ 8,108,385 | \$ 6,375,106 |
| <br><u>Total Both Funds</u>   |              |              |
| Contraband money  | \$ 18,953    | \$ -         |
| Dormant accounts  | 3,009        | 13,659       |
| General Revenue Fund  | 648,551      | 496,627      |
| Illinois Criminal Justice Information Authority                     | 1,683,650    | 1,797,029    |
| Illinois Department of Human Services                               | 49,200       | -            |
| Illinois Violence Prevention Authority                              | 5,975        | 5,000        |
| Illinois State Board of Education                                   | 5,281,217    | 4,001,716    |
| Jury duty   | 17           | 2,823        |
| Lost badges   | 4,338        | -            |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School District and After Care Services)

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For the Fiscal Years Ended June 30, 2008 and 2007

|                                     | 2008         | 2007         |
|-------------------------------------|--------------|--------------|
| <u>Total Both Funds - continued</u> |              |              |
| Miscellaneous                       | \$ 3,264     | \$ 1,014     |
| Prior year refunds                  | 25,600       | -            |
| Private organizations               | 7,872        | -            |
| Purchase of temporary IDs           | 55           | -            |
| Sale of old and broken pallets      | -            | 7,238        |
| U.S. Department of Labor            | 376,684      | 50,000       |
| Total Funds 0001 and 0523           | \$ 8,108,385 | \$ 6,375,106 |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE  
COMPLIANCE EXAMINATION - GENERAL OFFICE  
(Including School district and After Care Services)

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER

For the Fiscal Years Ended June 30, 2008 and 2007

|   | Fund 0001<br>General<br>Revenue<br>Fund | Fund 0523<br>Department of<br>Corrections<br>Reimbursement<br>Fund | Total               |
|---|---|--|---------------------|
|   | <u>Fund</u>                             | <u>Fund</u>  | <u>Total</u>        |
| <u>Fiscal Year 2008</u>                       |   |  |                     |
| Receipts per Department records               | \$ 29,866                               | \$ 8,078,519   | \$ 8,108,385        |
| Deposits in-transit to the State Comptroller: |   |  |                     |
| Beginning of year                             | -                                       | -  | -                   |
| End of year                                   | <u>-</u>                                | <u>-</u>   | <u>-</u>            |
| Deposits recorded by the State Comptroller    | <u>\$ 29,866</u>                        | <u>\$ 8,078,519</u>  | <u>\$ 8,108,385</u> |
| <br><u>Fiscal Year 2007</u>                   |   |  |                     |
| Receipts per Department records               | \$ 24,734                               | \$ 6,350,372   | \$ 6,375,106        |
| Deposits in-transit to the State Comptroller: |   |  |                     |
| Beginning of year                             | -                                       | -  | -                   |
| End of year                                   | <u>-</u>                                | <u>-</u>   | <u>-</u>            |
| Deposits recorded by the State Comptroller    | <u>\$ 24,734</u>                        | <u>\$ 6,350,372</u>  | <u>\$ 6,375,106</u> |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Two Years Ended June 30, 2008

The Department of Juvenile Justice's (Department) explanations for significant fluctuations in expenditures in excess of \$250,000 and 25% between fiscal year 2007 and 2008 as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances is detailed below.

General Revenue Fund – 0001

*General Office*

Electronic data processing expenditures increased \$457,723 or 761% from fiscal year 2007 to fiscal year 2008. Fiscal year 2008 was the first fiscal year that the Department EDP costs were allocated between the Department and the Department of Corrections (DOC). Since fiscal year 2007 was the Department's initial year, the true EDP costs for the Department were unknown. This was rectified in the fiscal year 2008 Department budget. The additional fiscal year 2008 costs were for Department of Central Management Services EDP processing and maintenance charges, specific Department EDP consultant services, and EDP equipment purchases.

*School District*

State contributions to state employees' retirement system expenditures increased \$333,426 or 68% in fiscal year 2008 due to an increase in the percentage the State is required to contribute. In fiscal year 2007, the State was required to contribute 11.525% for each employee. This amount was increased to a 16.561% contribution in fiscal year 2008.

Contractual services expenditures increased \$1,116,779 or 109% in fiscal year 2008. In fiscal year 2007, expenditures for these services were split between this appropriation and the Department of Corrections Reimbursement Fund (0523). Beginning in fiscal year 2008, contractual services expenditures were paid from the General Revenue Fund.

Department of Corrections Reimbursement Fund – 0523

*General Office*

Federal programs including construction of additional beds, treatment programs, and juvenile supervision expenditures increased \$540,908 or 29% in fiscal year 2008 because revenue from Federal grant funds increased.

Medical costs, food expenditures, and various construction costs decreased in fiscal year 2008 by \$2,096,818 or 85% because, in fiscal year 2008, contractual services expenditures were paid from the General Revenue Fund.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

The Department of Juvenile Justice's (Department) explanations for significant fluctuations in receipts in excess of \$250,000 and 25% between fiscal year 2007 and 2008 as presented in the Comparative Schedule of Cash Receipts is detailed below.

Department of Corrections Reimbursement Fund – 0523

*General Office*

Receipts from the Illinois State Board of Education increased from fiscal year 2007 to fiscal year 2008 by \$1,279,501 or 32%. These receipts include federal grant funds passed through from the U.S. Department of Education and the U.S. Department of Agriculture. A portion of the receipts deposited in fiscal year 2008 were earned in fiscal year 2007. None of the fiscal year 2007 receipts were earned in fiscal year 2006 because, as stated above, the Department was not created until July 1, 2006. Additionally, the Department's grant awards increased in fiscal year 2008. Finally, when the funds were received in fiscal year 2007, a receipt account code for the Department had not been established with the Comptroller's Office. Because the 0523 Fund is shared by the Department and the Department of Corrections (DOC), the funds received at the beginning of the fiscal year were deposited into the fund using the DOC's receipt code and identified as belonging to DOC. During fiscal year 2008, the funds were deposited using a Department receipt code.

Department grant receipts for the U.S. Department of Labor (DOL) increased by \$326,684 or 653% from fiscal year 2007 to 2008. When the funds were received in fiscal year 2007, a receipt account code for the Department had not been established with the Comptroller's Office. Because the 0523 Fund is shared by the Department and the Department of Corrections (DOC), funds received at the beginning of the fiscal year were deposited into the fund using the DOC's receipt code and identified as belonging to DOC. During fiscal year 2008, the funds were deposited using a Department receipt code.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Fiscal Years Ended June 30, 2008 and 2007

The Department of Juvenile Justice’s (Department) explanations for significant lapse period expenditures in excess of 25% of total expenditures and \$100,000 for fiscal years 2007 and 2008 presented in the Schedule of Appropriations, Expenditures and Lapsed Balances is detailed below.

Fiscal Year 2008

| <u>Fund, Fund Number, and Explanation</u> | <u>Total Expenditures</u> | <u>Lapse Period Expenditures</u> | <u>Percent</u> |
|---|---------------------------|----------------------------------|----------------|
|---|---------------------------|----------------------------------|----------------|

General Revenue Fund – 0001

*General Office*

|  |            |            |     |
|--|------------|------------|-----|
| Repairs, maintenance, and other capital improvements | \$ 185,165 | \$ 157,150 | 85% |
|--|------------|------------|-----|

The Department’s non-emergency repair and maintenance projects are scheduled around weather conditions. Outdoor projects must be completed when the weather is suitable, such as during March through June, which results in the majority of expenses related to these projects being paid during the lapse period.

Fiscal Year 2007

| <u>Fund, Fund Number, and Explanation</u> | <u>Total Expenditures</u> | <u>Lapse Period Expenditures</u> | <u>Percent</u> |
|---|---------------------------|----------------------------------|----------------|
|---|---------------------------|----------------------------------|----------------|

General Revenue Fund – 0001

*School District*

|                      |              |            |     |
|----------------------|--------------|------------|-----|
| Contractual services | \$ 1,027,852 | \$ 735,851 | 72% |
|----------------------|--------------|------------|-----|

The timing of the final contractual payments to vendors results in a significant amount of payments during the lapse period. Final payment is based upon receipt of the final quarterly expenditure report, which occurs after June 30.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the Fiscal Years Ended June 30, 2008 and 2007

Mission Statement

The mission of the Department of Juvenile Justice (Department) is to preserve the public safety by reducing recidivism. Youth committed to the Department's care will receive individualized services provided by qualified staff that give them the skills to become productive citizens.

Organization

Senate Bill 92 was signed into law in November 2005 indicating the intention of separating the Juvenile Justice Division within the Department of Corrections into its own State agency. Public Act 94-696, codified as part of the Department of Juvenile Justice Law (Law) (730 ILCS 5) created the Department of Juvenile Justice. The new agency was implemented on July 1, 2006. The Law permitted the Department to share certain administrative services with the Department of Corrections (DOC) or a shared service center, including "...budgeting, accounting related functions, auditing, human resources, legal, procurement, training, data collection and analysis, information technology, internal investigations, intelligence, legislative services, emergency response capability, statewide transportation services, and general office support." An interagency agreement between the Department and the DOC effective July 1, 2006 enumerated these services in a written document.

Kurt Friedenauer was the Acting Director during the examination period, affirmed as director after June 30, 2008. His office is at 707 N. 15<sup>th</sup> Street, Springfield, IL 62702.

The Department operates the following Illinois Youth Centers (IYC), which are listed by security level:

| <b>Security Level</b> | <b>Center Name</b>                                |
|-----------------------|---|
| Maximum               | IYC Joliet<br>IYC Warrenville                     |
| Medium                | IYC Chicago<br>IYC Kewanee<br>IYC St. Charles     |
| Multiple              | IYC Harrisburg                                    |
| Minimum               | IYC Murphysboro (Boot Camp)<br>IYC Pere Marquette |

## Internal Organization and Programs

The function of the General Office is to provide support services to all of the Department's facilities and divisions and interact with the Department of Corrections to utilize the administrative services detailed in an interagency agreement. While this is a division within the Department and an appropriation divisional code, the Department did not have individuals staffed in that division during the examination period.

The School District and After Care Services divisions provide academic and vocational training programs to youth housed at the IYCs, as well as various programming opportunities to help them become better equipped to restore themselves to constructive, law-abiding lives in the community.

Programming activities provided to youth at the IYCs include:

- Violence intervention programs
- Remedial, secondary, and college level education courses
- GED program
- Library services
- Vocational training, guidance and work training programs
- Diagnostic and evaluative services
- Special education programs
- Special treatment programs for youth with severe mental health issues, substance abuse problems, and sex offenders
- Military-style environment for the boot camp in Murphysboro
- Leisure time activities
- Parenting education
- Family reunification programming

At this point, the Department does not publish an annual report. Subsequent to the examination period, the Department published its administrative directives, which mirror those of the Department of Corrections. The Department submits various reports to mandated parties and funding sources as required by statute and grant awards.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

AVERAGE NUMBER OF EMPLOYEES

For the Fiscal Years Ended June 30, 2008 and 2007

The following table, prepared from Department records, presents the average number of employees by the divisions on which we performed a compliance examination for the fiscal years ended June 30, 2008 and 2007.

| Division                          | Fiscal Year |      |
|-----------------------------------|-------------|------|
|                                   | 2008        | 2007 |
| General Office                    | -           | -    |
| School District                   | 79          | 76   |
| After Care Services               | 3           | 3    |
| Total average full-time employees | 82          | 79   |

As stated previously, the Department's Acting Director, Kurt Friedenauer, was considered part of the After Care Services division during the examination period. The Department had an average of less than one employee in the General Office during fiscal year 2007, but relied on the Department of Corrections for its primary administrative functions throughout the examination period.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

PUBLIC SAFETY SHARED SERVICES CENTER (PSSSC)  
Located at the Department of Corrections

For the Fiscal Years Ended June 30, 2008 and 2007

Executive Order 2006-6, issued March 31, 2006, ordered the creation of a Division of Shared Services within the Department of Corrections to serve designated “public safety” agencies. The Shared Services Division at the Department of Corrections, called the Public Safety Shared Services Center (PSSSC), was created to combine certain functions of nine “public safety” agencies: the Department of Corrections (DOC), Department of Juvenile Justice (DOJJ), Department of Military Affairs (DMA), Department of State Police (DSP), Illinois Criminal Justice Information Authority (ICJIA), Illinois Emergency Management Agency (IEMA), Law Enforcement Training and Standards Board (LETSB), Office of the State Fire Marshal (OSFM), and Prisoner Review Board (PRB).

The stated purpose of the Division of Shared Services was to consolidate certain common administrative functions, such as human resources, personnel, payroll, timekeeping, procurement, and financial processes, currently being performed by individual agencies, to improve the ability of all State agencies to share management knowledge and capitalize on synergies and economies of scale.

The first function consolidated in the PSSSC was the human resources operations, which began in December 2007 with the signing of several interagency agreements between DOC and DSP, IEMA, OSFM, and ICJIA. Fiscal accounting personnel were transferred from the user agencies on May 1, 2008 and the functions were transferred on October 1, 2008 with the signing of an interagency agreement between DOC, DSP, OSFM, and IEMA.

As of June 30, 2008, several of the agencies classified as “public safety” agencies had experienced no changes in their operations due to PSSSC implementation. PRB and DOJJ had previously signed interagency agreements with DOC to perform certain human resources and fiscal functions on their behalf. LETSB and DMA did not sign any interagency agreements with DOC, did not begin receiving any services from the PSSSC, and continued to perform their human resources and fiscal operations independently.

In fiscal year 2007, seven agencies were appropriated \$13.4 million for costs and expenses related to or in support of the PSSSC Shared Services Center; \$11.1 million was appropriated in fiscal year 2008. DOJJ and PRB did not receive any appropriations for these purposes during fiscal years 2007 or 2008. Exhibit 1 summarizes the appropriations and expenditures for the seven agencies receiving appropriations for the PSSSC Shared Services Center in fiscal years 2007 and 2008.

| <b>Exhibit 1</b>   |                         |                      |                         |                     |
|--|-------------------------|----------------------|-------------------------|---------------------|
| <b>PSSSC SHARED SERVICES APPROPRIATIONS AND EXPENDITURES</b> |                         |                      |                         |                     |
| <b>Fiscal Years 2007 and 2008</b>                            |                         |                      |                         |                     |
|  | <b>Fiscal Year 2007</b> |                      | <b>Fiscal Year 2008</b> |                     |
|  | <b>Appropriations</b>   | <b>Expenditures</b>  | <b>Appropriations</b>   | <b>Expenditures</b> |
| <b>DOC</b>   | \$ 7,372,900            | \$ 6,613,317         | \$ 5,004,300            | \$ 4,985,848        |
| <b>DMA</b>   | 567,500                 | 506,821              | 558,505                 | 556,628             |
| <b>DSP</b>   | 2,140,200               | 2,046,500            | 1,957,500               | 1,656,937           |
| <b>ICJIA</b>   | 1,050,600               | 284,401              | 1,042,065               | -                   |
| <b>IEMA</b>  | 1,667,000               | 1,494,223            | 1,867,550               | 1,487,140           |
| <b>LETSB</b>   | 22,400                  | -                    | 22,400                  | -                   |
| <b>OSFM</b>  | 627,815                 | 612,283              | 627,900                 | 618,622             |
| <b>TOTALS</b>  | <b>\$ 13,448,415</b>    | <b>\$ 11,557,545</b> | <b>\$ 11,080,220</b>    | <b>\$ 9,305,175</b> |

Source: OAG from Comptroller data

As part of the development of the Shared Services Program, the Governor's Office of Management and Budget entered into contracts with several firms to perform consulting and professional services to facilitate the reorganization of common functions into Shared Services Centers, as well as provide staffing and organizational analyses.

The amount paid out by the State for these contracts totaled over \$9 million over fiscal years 2006, 2007 and 2008. Exhibit 2 summarizes the amounts paid to the contractors over this time period.

| <b>Exhibit 2</b>                                   |                   |                     |                    |                     |
|--|-------------------|---------------------|--------------------|---------------------|
| <b>AMOUNTS PAID TO SHARED SERVICES CONTRACTORS</b> |                   |                     |                    |                     |
| <b>Fiscal Years 2006, 2007, and 2008</b>           |                   |                     |                    |                     |
| <b>Contractor</b>                                  | <b>FY 2006</b>    | <b>FY 2007</b>      | <b>FY 2008</b>     | <b>TOTAL</b>        |
| Deloitte Consulting LLP                            | \$ 900,000        | \$ 3,772,500        | \$2,166,972        | <b>\$ 6,839,472</b> |
| Diamond Cluster                                    | -                 | 1,240,789           | -                  | <b>1,240,789</b>    |
| Public Financial Management                        | -                 | 537,503             | -                  | <b>537,503</b>      |
| Harvey M. Rose Associates                          | -                 | 392,836             | -                  | <b>392,836</b>      |
| Sequoia Consulting                                 | 13,500            | -                   | -                  | <b>13,500</b>       |
| <b>TOTAL</b>                                       | <b>\$ 913,500</b> | <b>\$ 5,943,628</b> | <b>\$2,166,972</b> | <b>\$ 9,024,100</b> |

Source: OAG from Comptroller and/or Agency Data

The costs of these contracts were allocated among many of the State agencies designated to participate in the various Shared Services Programs. For the State agencies under the PSSSC, the following amounts were paid:

- DOC: \$170,500 to Deloitte in FY06, \$1,808,875 to Deloitte in FY07, and \$165,000 to Deloitte in FY08;
- DMA: \$15,000 to Deloitte in FY06;

- DSP: \$62,500 to Deloitte in FY06;
- ICJIA: \$15,000 to Deloitte in FY06;
- IEMA: \$15,000 to Deloitte in FY06; and
- OSFM: \$15,000 to Deloitte in FY06.

Note: DOJJ and PRB did not pay any amounts to the contractors specified in Exhibit 2.

As part of our review of the Shared Services Program statewide, we sent a survey to all agencies that received an appropriation for Shared Services operations in fiscal years 2007 and/or 2008. We also surveyed the Shared Service Centers and asked similar questions of them.

One of the goals of the Shared Services Program was to realize cost savings through the consolidation of the common functions of several agencies into one location. In its response to our survey, the PSSSC reported savings of \$465,200 in fiscal year 2008. These figures are not examined. The PSSSC did not report any savings in fiscal years 2006 or 2007. The savings reported for fiscal year 2008 were attributed to five partial staff positions for several months during fiscal year 2008 and their associated support costs. The duties for these positions were transitioned to and incorporated into the PSSSC operations; however, the employees remain employed by the agency and were redeployed into the agency to perform other functions. We question whether keeping these employees on payroll and assigning them to other functions really constitutes a savings.

In response to the survey auditors sent to the user agencies, only one of the agencies included in the PSSSC reported savings; the others did not. ICJIA reported savings of \$84,092 in fiscal year 2008.

Exhibit 3 provides a comparison of the implementation costs reported by the agencies to the savings reported by the individual agencies and the PSSSC. The implementation costs reported by individual agencies include payroll and related costs, travel, moving, equipment and furniture acquisitions, temporary employees, telecommunications, and contractual services.

| <b>Exhibit 3</b>   |   |  |  |
|--|---|--|--|
| <b>COMPARISON OF IMPLEMENTATION COSTS AND SAVINGS REPORTED</b> |   |  |  |
| <b>Fiscal Years 2006, 2007, and 2008</b>                       |   |  |  |
| <b>(Not Examined)</b>  |   |  |  |
| <b>Agency</b>  | <b>Implementation Costs<br/>Reported by<br/>Individual Agency</b> | <b>Savings Reported by<br/>Individual Agency</b> | <b>Savings<br/>Reported by PSSSC<sup>1</sup></b> |
| <b>DOC</b>   | \$ 2,461,500  | \$0  |  |
| <b>DOJJ</b>  | N/A   | N/A  |  |
| <b>DMA</b>   | 15,000  | N/A  |  |
| <b>DSP</b>   | 3,764,300   | Unknown  |  |
| <b>ICJIA</b>   | 284,401   | 84,092   |  |

**Exhibit 3**  
**COMPARISON OF IMPLEMENTATION COSTS AND SAVINGS REPORTED**  
**Fiscal Years 2006, 2007, and 2008**  
**(Not Examined)**  
**(Continued)**

| Agency        | Implementation Costs<br>Reported by<br>Individual Agency | Savings Reported by<br>Individual Agency | Savings<br>Reported by PSSSC <sup>1</sup> |
|---------------|--|--|---|
| <b>IEMA</b>   | \$ 5,000   | None                                     |   |
| <b>LETSB</b>  | None   | None                                     |   |
| <b>OSFM</b>   | Unknown  | Unknown                                  |   |
| <b>PRB</b>    | N/A  | N/A                                      |   |
| <b>TOTALS</b> | <b>\$ 6,530,201</b>                                      | <b>\$ 84,092</b>                         | <b>\$ 465,200<sup>1</sup></b>             |

<sup>1</sup> The PSSSC response provided a total savings amount, which was not broken down on a per-agency basis.

Source: Responses received to auditors' surveys.

The PSSSC's response to the auditors' survey stated, "The vast majority of the savings will only occur after the new ISIS HR and Fiscal IT operating systems are designed and installed. However, we have captured some savings by co-locating HR personnel and by beginning to standardize HR operating procedures using the Deloitte interim business redesign processes. Additional savings will be captured when we form the PSSSC Fiscal Division in the second quarter of fiscal year 2009." The PSSSC then referred to a range of projected savings. However, given the uncertainty as to what the costs to implement the program are, as well as the uncertainty and variations in the estimated savings reported by the individual agencies and the PSSSC, we question whether future savings, if any, can accurately be projected.

The amounts reported by the agencies in Exhibit 3 illustrate how the implementation costs have **significantly exceeded** estimated savings through fiscal year 2008 by over \$6.4 million. The majority of that deficit is attributed to DOC and DSP, whose combined implementation costs have exceeded \$6.2 million with no determination of any savings.

As part of our compliance examinations conducted on agencies for the period ending June 30, 2008, we reviewed expenditures paid from appropriations for Shared Services at selected agencies during fiscal year 2008. At three of the agencies covered by the PSSSC, we sampled expenditure transactions paid from the agency's Shared Services appropriation to determine whether they were related to the Shared Services Program.

Our auditors at DOC performed detail testing of 12 payroll vouchers, totaling \$958,621, and 30 expenditure vouchers, totaling \$287,647, and noted the payment of employee payroll prior to the signing of the interagency agreement on October 1, 2008.

Our auditors at DSP performed detail testing of 10 payroll vouchers, totaling \$467,579, and 15 expenditure vouchers, totaling \$60,416, and noted no exceptions.

Our auditors at OSFM performed detail testing of 10 payroll vouchers, totaling \$92,350, and 2 expenditure vouchers, totaling \$27,361, and noted one of the expenditure vouchers, totaling \$27,194, was for the purchase of an office equipment item. This particular item was purchased for use at OSFM's primary location and was purchased to replace a similar item which had been moved to the PSSSC for all PSSSC agencies to use. Both the original item and newly purchased item remain on the OSFM property records.

Our review this year focused on expenditures from the Shared Services Program appropriations and the costs of program implementation to date. While some agencies surveyed reported savings, it was premature to examine asserted savings and programmatic goals achieved at this time.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF EMPLOYEE OVERTIME

For the Fiscal Years Ended June 30, 2008 and 2007

(Not Examined)

Certain employees are eligible for overtime if the hours worked during the day exceed the employees standard work hours. Correctional Officers receive a ¼-hour of overtime for each day they stand for roll call. The roll call overtime is paid at straight time for all but Correctional Lieutenants who receive 1 ½ times normal pay.

Overtime is to be distributed as equally as possible among employees who normally perform the work in the position in which the overtime is needed. An employee's supervisor must approve any overtime. In most cases, except for roll call, employees are compensated at 1 ½ times their normal hourly rate for overtime hours worked. Employees have the opportunity to be compensated either in pay for the overtime or receive compensatory time off.

The following tables, prepared from Department records, present the paid overtime and used compensatory time incurred during fiscal years 2008 and 2007.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF EMPLOYEE OVERTIME  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

| 2008                |                           |  |                               |  |  |  |
|---------------------|---------------------------|--|-------------------------------|--|--|--|
| Division            | Overtime<br>Hours<br>Paid | \$ Value of<br>Overtime<br>Hours<br>Paid | Compensatory<br>Hours<br>Used | \$ Value of<br>Compensatory<br>Hours<br>Used | Total<br>Overtime &<br>Compensatory<br>Hours | Total \$ Value<br>of Overtime &<br>Compensatory<br>Hours |
| General Office      | -                         | \$ -                                     | -                             | \$ -   | -  | \$ -   |
| School District     | -                         | -  | -                             | -  | -  | -  |
| After Care Services | 1                         | 23                                       | -                             | -  | 1  | 23   |
| IYC Chicago         | 4,950                     | 197,627                                  | 3,386                         | 85,604                                       | 8,336  | 283,231  |
| IYC Harrisburg      | 6,603                     | 260,821                                  | 6,783                         | 185,401                                      | 13,386                                       | 446,222  |
| IYC Joliet          | 31,429                    | 1,197,228                                | 21,147                        | 538,417                                      | 52,576                                       | 1,735,645  |
| IYC Kewanee         | 9,271                     | 341,172                                  | 6,893                         | 175,456                                      | 16,164                                       | 516,628  |
| IYC Murphysboro     | 1,484                     | 62,868                                   | 3,922                         | 116,331                                      | 5,406  | 179,199  |
| IYC Pere Marquette  | 5,402                     | 212,157                                  | 1,384                         | 41,657                                       | 6,786  | 253,814  |
| IYC St. Charles     | 39,946                    | 1,540,330                                | 6,155                         | 159,638                                      | 46,101                                       | 1,699,968  |
| IYC Warrenville     | 17,584                    | 716,907                                  | 2,528                         | 66,564                                       | 20,112                                       | 783,471  |
| <b>TOTAL</b>        | <b>116,670</b>            | <b>\$ 4,529,133</b>                      | <b>52,198</b>                 | <b>\$ 1,369,068</b>                          | <b>168,868</b>                               | <b>\$ 5,898,201</b>                                      |

| 2007                |                           |  |                               |  |  |  |
|---------------------|---------------------------|--|-------------------------------|--|--|--|
| Division            | Overtime<br>Hours<br>Paid | \$ Value of<br>Overtime<br>Hours<br>Paid | Compensatory<br>Hours<br>Used | \$ Value of<br>Compensatory<br>Hours<br>Used | Total<br>Overtime &<br>Compensatory<br>Hours | Total \$ Value<br>of Overtime &<br>Compensatory<br>Hours |
| General Office      | -                         | \$ -                                     | -                             | \$ -   | -  | \$ -   |
| School District     | 3                         | 167                                      | 2                             | 74   | 5  | 241  |
| After Care Services | -                         | -  | -                             | -  | -  | -  |
| IYC Chicago         | 4,751                     | 82,473                                   | 3,002                         | 76,254                                       | 7,753  | 158,727  |
| IYC Harrisburg      | 6,390                     | 240,557                                  | 7,256                         | 183,041                                      | 13,646                                       | 423,598  |
| IYC Joliet          | 14,930                    | 539,024                                  | 10,606                        | 248,398                                      | 25,536                                       | 787,422  |
| IYC Kewanee         | 1,379                     | 49,040                                   | 4,728                         | 111,646                                      | 6,107  | 160,686  |
| IYC Murphysboro     | 1,463                     | 55,790                                   | 4,131                         | 111,502                                      | 5,594  | 167,292  |
| IYC Pere Marquette  | 5,732                     | 207,836                                  | 3,100                         | 93,569                                       | 8,832  | 301,405  |
| IYC St. Charles     | 28,520                    | 1,028,876                                | 7,611                         | 188,868                                      | 36,131                                       | 1,217,744  |
| IYC Warrenville     | 16,365                    | 621,519                                  | 3,268                         | 79,665                                       | 19,633                                       | 701,184  |
| <b>TOTAL</b>        | <b>79,533</b>             | <b>\$ 2,825,282</b>                      | <b>43,704</b>                 | <b>\$ 1,093,017</b>                          | <b>123,237</b>                               | <b>\$ 3,918,299</b>                                      |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

ANNUAL COST STATISTICS  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

|  | 2008                            |                             |  | 2007                            |                             |  |
|--|---------------------------------|-----------------------------|--|---------------------------------|-----------------------------|--|
|  | Rated Capacity<br>June 30, 2008 | Average Daily<br>Population | Average Yearly<br>Cost per Resident <sup>(1)</sup> | Rated Capacity<br>June 30, 2007 | Average Daily<br>Population | Average Yearly<br>Cost per Resident <sup>(1)</sup> |
| Illinois Youth Center <sup>(2)</sup> : |                                 |                             |  |                                 |                             |  |
| IYC Chicago                            | 130                             | 81                          | \$ 100,219   | 130                             | 87                          | \$ 89,385  |
| IYC Harrisburg                         | 276                             | 296                         | 69,448   | 276                             | 340                         | 57,665   |
| IYC Joliet                             | 344                             | 237                         | 73,266   | 344                             | 227                         | 68,827   |
| IYC Murphysboro                        | 156                             | 83                          | 115,686  | 156                             | 84                          | 105,862  |
| IYC Kewanee                            | 354                             | 253                         | 71,201   | 354                             | 231                         | 69,572   |
| IYC Pere Marquette                     | 68                              | 20                          | 196,496  | 68                              | 20                          | 185,016  |
| IYC St. Charles                        | 318                             | 311                         | 69,434   | 318                             | 341                         | 63,018   |
| IYC Warrenville                        | 108                             | 83                          | 100,822  | 108                             | 98                          | 82,721   |
| Total                                  | <u>1,754</u>                    | <u>1,364</u>                | 78,846   | <u>1,754</u>                    | <u>1,428</u>                | 70,915   |
| (Under)/over capacity                  |                                 | <u>(390)</u>                |  |                                 | <u>(326)</u>                |  |

<sup>(1)</sup> Net Expenditures/Average Daily Population. Net expenditures for Illinois Youth Centers equals expenditures appropriated to each center less equipment expenditure. Net expenditures do not include any allocations from the General Office, School District, and After Care Services.

<sup>(2)</sup> Source: Facility data provided to Office of the Auditor General by Illinois Youth Center auditors

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

NOTES TO ANNUAL COST STATISTICS  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

The average daily population of Illinois Youth Centers (IYCs) has decreased from 1,428 residents for fiscal year 2007 to 1,364 residents for fiscal year 2008. This represents a 64 resident decrease for fiscal year 2008. The rated capacity of IYCs at June 30, 2008 was 1,754 residents.

The average yearly cost per resident was \$70,915 and \$78,846 for fiscal years 2007 and 2008, respectively.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

SCHOOL DISTRICT #428 PERFORMANCE STATISTICS  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

Information not received from the Department.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

PARTICIPATING EDUCATIONAL INSTITUTIONS  
SCHOOL DISTRICT #428  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

The Department provides post-secondary academic and vocational training programs to enrolled residents through a contractual agreement with the following college:

| <u>Educational Institution</u> | <u>Youth Center Served</u> |
|--------------------------------|----------------------------|
| Southeastern Illinois College  | IYC Harrisburg             |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

EMERGENCY PURCHASES

For the Fiscal Years Ended June 30, 2008 and 2007

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2007 and 2008:

| Description  | Estimated<br>Amount | Actual<br>Amount  |
|--|---------------------|-------------------|
| <b>Fiscal Year 2008</b>  |                     |                   |
| Water heater replacement and a turbo power heater module to replace inoperable and damaged water heaters at IYC Murphysboro.   | \$ 55,000           | \$ 54,750         |
| Repair of the chimney stack at IYC St Charles.   | <u>80,000</u>       | <u>125,375</u>    |
| Total fiscal year 2008   | <u>\$ 135,000</u>   | <u>\$ 180,125</u> |
| <b>Fiscal Year 2007</b>  |                     |                   |
| Replacement of six roofs at IYC Joliet due to numerous leaks causing a housing unit to be unusable and equipment to be inoperable.   | \$ 730,000          | \$ 611,498        |
| Areas of the IYC Harrisburg are without fire alarm protection. An inspection of the fire alarm system found that the control panel was obsolete and parts are not available. | <u>600,000</u>      | <u>367,700</u>    |
| Total fiscal year 2007   | <u>\$ 1,330,000</u> | <u>\$ 979,198</u> |

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

HURRICANES KATRINA AND RITA COST REPORTING  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

We requested the following from the Department related to Hurricanes Katrina and Rita:

- Costs of services provided
- Amounts reported for reimbursement

The Department did not provide the information. As a result, we could not include that data in this report.

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

INMATE ASSAULTS ON STAFF  
AT ILLINOIS YOUTH CENTERS  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

| <b>Illinois Youth Center</b> | <b>Fiscal Year 2008</b> | <b>Fiscal Year 2007</b> |
|------------------------------|-------------------------|-------------------------|
| IYC Chicago                  | 1                       | 1                       |
| IYC Harrisburg               | 12                      | 26                      |
| IYC Joliet                   | 11                      | 8                       |
| IYC Kewanee                  | 7                       | 15                      |
| IYC Murphysboro              | 2                       | 6                       |
| IYC Pere Marquette           | -                       | 6                       |
| IYC St. Charles              | 4                       | 5                       |
| IYC Warrenville              | 2                       | 3                       |
| Total                        | 39                      | 70                      |

Source: Department of Corrections Planning and Research

STATE OF ILLINOIS  
DEPARTMENT OF JUVENILE JUSTICE

SERVICE EFFORTS AND ACCOMPLISHMENTS  
(Not Examined)

For the Fiscal Years Ended June 30, 2008 and 2007

| <u>Program</u>                 | <u>FY2007</u>        |                  | <u>FY2008</u>        |                  |
|--------------------------------|----------------------|------------------|----------------------|------------------|
|                                | <u>Expenditures*</u> | <u>Headcount</u> | <u>Expenditures*</u> | <u>Headcount</u> |
| Department of Juvenile Justice | \$ 117,441.4         | 1,222.0          | \$ 124,989.1         | 1,176.0          |

\* Expressed in thousands

Mission and Organization: The Department of Juvenile Justice (DJJ) works to provide treatment and services through a comprehensive continuum of individualized educational, vocational, social, emotional and basic life skills that will enable youth to avoid delinquent futures and become productive, fulfilled citizens.

Improvements to Education – DJJ will be focused on enhancing the quality of education for committed youth. School District 428 continues to work collaboratively with the State Board of Education to develop an enhanced educational curriculum and specialized programming and services for committed youth that ensures federal and state educational program compliance. Approximately 25 new educators will join DJJ in fiscal year 2009.

To ensure that the school district retains qualified staff, recruitment efforts have been underway during this fiscal year to identify additional certified, bi-lingual, and physical education instructors. Special education instructors will be hired to help build a cohesive educational team.

Launch new Aftercare system – DJJ will staff a new Aftercare system targeted at youth development and successful re-entry into society. The Aftercare system will include partnerships with other state agencies and community-based organizations that provide these services to youth. As part of this Aftercare system, more emphasis will be placed on providing community treatment through a network of specialized treatment beds, transition beds, and community based placement positions.

**Department of Juvenile Justice**

**Mission Statement:** Understanding that youth have different needs than adults, it is the mission of the Illinois Department of Juvenile Justice to preserve public safety by reducing recidivism. Youth committed to the Department’s care will receive individualized services provided by qualified staff that give them the skills to become productive citizens.

**Program Goals:** 1. Develop a structural framework and foundation necessary to deliver services to youth.

- Objectives:**
- Develop an evidence-based core treatment model that focuses on individual case management.
  - Develop a regional structure for the Department's Aftercare system
  - Reduce the use of confinement as a disciplinary sanction for youth.
  - Create Juvenile Justice Specialist position

**Source of Funds:** General Revenue Fund  
Department of Corrections Reimbursement Fund

**Statutory Authority:** 730 ILCS 5

|   | <u>Fiscal Year<br/>2006 Actual</u> | <u>Fiscal Year<br/>2007 Actual</u> | <u>Fiscal Year<br/>2008 Target<br/>/Projected</u> | <u>Fiscal Year<br/>2008 Actual</u> | <u>Fiscal Year<br/>2009 Target<br/>/Projected</u> |
|---|------------------------------------|------------------------------------|---|------------------------------------|---|
| <b><u>Input Indicators</u></b>  |                                    |                                    |   |                                    |   |
| • Total expenditures – all sources (in thousands)                                 | \$ 0.0                             | \$ 117,441.4                       | \$ 0.0  | \$ 124,989.1                       | \$ 144,152.0                                      |
| • Total expenditures – state appropriated funds (in thousands)                    | \$ 0.0                             | \$ 117,441.4                       | \$ 0.0  | \$ 124,989.1                       | \$ 144,152.0                                      |
| • Average monthly full-time equivalents   | 0.0                                | 1,222.0                            | 0.0   | 1,176.0                            | 1,257.0   |
| <b><u>Output Indicators</u></b>   |                                    |                                    |   |                                    |   |
| • Percentage of juveniles returned to youth centers within three years of release | 56.9%                              | 54.9%                              | 52.9%   | 52.9%                              | 50.9%   |
| • Education spending per capita (in thousands)                                    | \$ 6,499.0                         | \$ 4,321.0                         | \$ 8,816.0  | \$ 8,816.0                         | \$ 10,271.0                                       |
| • Aftercare services spending per capita (in thousands)                           | \$ 2,542.0                         | \$ 1,438.0                         | \$ 1,732.0  | \$ 1,732.0                         | \$ 4,651.0  |

***Explanatory Information***

This program was not created until 2007.

Accountant's Note: The Department did not file the 2007 Service Efforts and Accomplishments report with the Illinois Office of the Comptroller.