

**STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2010

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

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	3
Compliance Report	
Summary	5
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	10
Schedule of Findings	
Current Findings – State Compliance.....	13
Prior findings Not Repeated	51
Supplementary Information for State Compliance Purposes	
Summary	55
Fiscal Schedules and Analysis	
Schedule of Expenditures of Federal Awards	
Year Ended June 30, 2010.....	57
Year Ended June 30, 2009.....	58
Notes to the Schedules of Expenditures of Federal Awards	59
Schedule of Appropriations, Expenditures, and Lapsed Balances	
Fiscal Year 2010.....	62
Fiscal Year 2009.....	64
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Object – All Funds	67
Comparative Schedule of Expenditures by Youth Center – All Funds.....	68
Schedule of Locally Held Funds	69
Schedule of Changes in State Property (Not Examined).....	70
Comparative Schedule of Cash Receipts.....	71
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller.....	72
Analysis of Significant Variations in Expenditures	73
Analysis of Significant Variations in Receipts.....	74
Analysis of Significant Lapse Period Spending	76
Analysis of Accounts Receivable	79

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010

TABLE OF CONTENTS – Continued

	<u>Page</u>
Analysis of Operations	
Agency Functions and Planning Program	80
Average Number of Employees	82
Analysis of Employee Overtime (Not Examined).....	84
Annual Cost Statistics and Notes (Not Examined).....	86
Participating Educational Institutions – School District #428 (Not Examined).....	88
Emergency Purchases	89
Inmate Assaults on Staff at Illinois Youth Centers (Not Examined)	90
Service Efforts and Accomplishments (Not Examined).....	91

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

AGENCY OFFICIALS

Director	Kurt Friedenauer (through 7/14/10) Arthur D. Bishop (effective 7/16/10)
Deputy Director of Operations	Ron K. Smith, Acting
Deputy Director of Program Services	Janice Shallcross (through 8/2/10) Justin Slaughter (effective 1/3/11)
Superintendent of School District #428	Lanée Walls, Acting
Chief of Staff	Ashley Cross (effective 2/1/11)
Chief of Training and Staff Development	Jeff Hooker, Acting (effective 8/16/07)
Chief Legal Counsel	Beth Compton (effective 9/30/09)

Pursuant to Enabling Legislation:

Illinois Department of Corrections employees:

Chief of Investigations and Intelligence	Joseph Burke (through 5/1/09) Luke Hartigan (effective 9/1/09)
Chief of Intergovernmental Relations	Tim McLean (through 1/14/10) Jenni Scheck (effective 3/12/10)
Chief of Labor Relations	Stephanie Shallenberger (through 11/13/09) Anne McElroy (effective 6/16/10)
Chief of Affirmative Action	Vicki Fair (through 7/31/09)
Administrator of Affirmative Action and Minority Recruitment	Vicki Fair (effective 8/1/09)

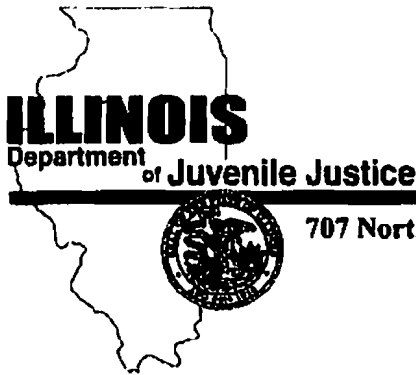
STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

AGENCY OFFICIALS - Continued

Chief Fiscal Officer	Tony Small (through 1/31/10) Bryan Gleckler (effective 6/16/10)
Chief Internal Auditor	Brett Finley (effective 8/1/10)

The Department's General Office is located at:

707 North 15th Street
Springfield, IL 62702



Pat Quinn
Governor

Arthur D. Bishop
Director

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

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

Sikich LLP
3201 West White Oaks Drive, Suite 102
Springfield, IL 62704

August 9, 2011

Ladies and Gentlemen:


We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department of Juvenile Justice (Department). 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, 2010. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2010, 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,

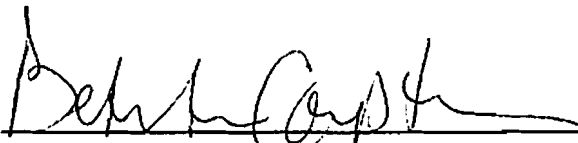
State of Illinois Department of Juvenile Justice



Arthur D. Bishop, Director



Bryan Gleckler, Chief Fiscal Officer



Beth Compton, Chief Legal Counsel

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.

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 or disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	16	25
Repeated findings	14	*
Prior recommendations implemented or not repeated	11	*

* The previous examination was the first compliance examination of the Department.

The previous examination of the Department included State compliance testing of the General Office, which included the School District and After Care Services. It also included State compliance testing of all appropriations to the Department 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. The previous examination did not include findings developed by the special assistant auditors performing examinations of the individual youth centers.

This report contains information prepared from performing a State compliance examination of the entire Department of Juvenile Justice (including all youth centers) for the two years ended June 30, 2010. The Schedule of Findings includes current findings for the entire Department. Prior Findings Not Repeated includes prior findings in the previous General Office report, as well as findings previously reported by special assistant auditors who performed examinations of individual youth centers. Individual reports on each Youth Center are not being issued for the two years ended June 30, 2010.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
10-01	13	Administrative processes not fully segregated	Significant Deficiency and Noncompliance
10-02	16	Inaccurate and inadequate equipment and capital asset recordkeeping	Significant Deficiency and Noncompliance
10-03	19	Postage and permanent improvements paid by the Department of Corrections	Significant Deficiency and Noncompliance
10-04	21	Noncompliance with statutory requirements in providing commissary/concession services to residents of Youth Centers	Significant Deficiency and Noncompliance
10-05	24	Operation and maintenance of “cash box” imprest funds at Youth Centers	Significant Deficiency and Noncompliance
10-06	27	Failure to properly transfer unclaimed inmate cash account balances	Significant Deficiency and Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
10-07	29	Noncompliance with Uniform Disposition of Unclaimed Property Act	Significant Deficiency and Noncompliance
10-08	31	Inadequate administration of the locally held residents benefit fund at the General Office	Significant Deficiency and Noncompliance
10-09	33	Inadequate administration of locally held funds at Youth Centers	Significant Deficiency and Noncompliance
10-10	35	Payroll timekeeping system not automated	Significant Deficiency and Noncompliance
10-11	37	Employee performance evaluations not performed timely or at all	Significant Deficiency and Noncompliance
10-12	38	Inadequate documentation of employee training	Significant Deficiency and Noncompliance
10-13	40	Failure to maintain required personnel and payroll documentation	Significant Deficiency and Noncompliance
10-14	42	Weaknesses in contract administration	Significant Deficiency and Noncompliance
10-15	45	Inadequate procedures regarding State vehicles	Significant Deficiency and Noncompliance
10-16	49	Failure to prepare and/or submit required reports to the Governor and the General Assembly	Significant Deficiency and Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
PRIOR FINDINGS NOT REPEATED		
A	51	Failure to provide requested engagement documentation in a timely manner or at all and lack of cooperation during the examination
B	51	Failure to expend personal service appropriations in compliance with Legislative intent
C	51	Inadequate controls over grant reporting
D	51	Grant funds not utilized to provide new computers for Illinois Youth Centers
E	52	Timesheets not submitted in compliance with State Officials and Employees Ethics Act
F	52	Standardized procedures for separated employees not being followed
G	52	Failure to document reconciliations were performed in a timely manner
H	52	Inadequate control of voucher processing
I	53	Cash receipts and refunds not paid into the State treasury on timely basis as required by State law
J	53	Failure to report required bilingual employee needs information
K	53	Failure to timely prepare and submit required reports to mandated entities

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on July 12, 2011. Those in attendance were:

DEPARTMENT OF JUVENILE JUSTICE

Arthur D. Bishop	Director
Ron Smith	Deputy Directory of Operations
Ashley Cross	Chief of Staff
Beth Compton	Chief Legal Counsel

Pursuant to Enabling Legislation - Illinois Department of Corrections employees:

Bryan Gleckler	Chief Fiscal Officer
Brett Finley	Chief Internal Auditor
Ron Faith	Internal Auditor

OFFICE OF THE AUDITOR GENERAL

Paul Usherwood	Audit Manager
----------------	---------------

SIKICH LLP

Nick Appelbaum	Partner
Tara Kessler	Supervisor

Responses to the recommendations were provided by Brett Finley in correspondence dated July 19, 2011.



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

**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, 2010. 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.

In our opinion, the Department complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2010. However, the results of our procedures disclosed 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 items 10-01 through 10-16.

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 as a basis for designing 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.

A *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 and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 10-01 to 10-16. A *significant deficiency over compliance* is a deficiency, or combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 the responses.

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 2010 and 2009 Supplementary Information for State Compliance Purposes, except for the Schedule of Changes in State Property, Analysis of Employee Overtime, Annual Cost Statistics and Notes, Participating Educational Institutions – School District #428, 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.

We have not applied procedures to the 2008 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, 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 9, 2011

10-01 FINDING: (Administrative processes not fully segregated)

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

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, effective 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 exceptions noted below were still ongoing during the current examination. The specific exceptions 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 all of its activities. While it is permissible to utilize the APCS application for capital asset recordkeeping, the Department should ensure it can identify its activity as necessary so it can maintain books and records specific to its capital assets.
- DOC maintains the adult facility resident portion of the DOC Resident’s and Employee’s Benefit Fund and the juvenile resident portion of the Department’s Juvenile Justice Benefit Fund in separate accounts at a local financial institution. All disbursements are made from one operating account. At any point in time, funds from an adult facility and a juvenile facility could be transferred into this operating account for disbursement. The Department and DOC are two separate and distinct agencies whose funds should not be commingled.
- During the examination period, the Department reviewed the DOC Administrative Directives and identified which DOC Administrative Directives it needed to title as Department of Juvenile Justice Administrative Directives and claim as its own. For those identified as Department of Juvenile Justice Administrative Directives (A.D.’s), the Department modified the title to reflect its Department name and included the name of its Director, but the body of the A.D.’s remained relatively the same as the DOC A.D. Auditors were provided with a table of contents for the Department’s

A.D.'s which was identical to that of the Department of Corrections, with effective dates for the DOC A.D.'s. Department management indicated to the auditors all the DOC A.D.'s were adopted for anything which a specific Department A.D. was not provided. Certain DOC A.D.'s adopted address issues outside of the scope of the juvenile environment, including the Correctional Industries Program (A.D.'s 01.17.101 to 01.17.130); and contain several out of date A.D.'s relative to the current operating environment. It would be prudent for the Department to review all DOC A.D.'s adopted and make necessary changes for its operations and reduce them to writing independent of the DOC A.D.s.

- 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 issues noted in other findings presented within this report, including but not limited to payroll processing weaknesses, untimely report submissions, and inaccurate recordkeeping.

In response to this finding in the previous examination, the Department stated it, 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 Department to perform those functions. During the previous examination period, the Department worked, in coordination with DOC, to establish an interagency agreement which would detail the functions and services involved. DOC had, within the existing antiquated technology systems, worked to segregate the books of record to the extent possible.

Department management indicated the current exceptions noted were directly related to ongoing issues related to the creation of the new agency. They further stated the records were maintained in accordance with the capacity of the existing resources and the enabling legislation of the agency.

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. 10-01, 08-02)

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:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will accelerate its efforts to segregate its books and records from the Illinois Department of Corrections (IDOC) and more effectively monitor the administrative services provided by IDOC.

10-02 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 60 equipment invoice vouchers for fiscal years 2009 and 2010 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:

- The items purchased from ten (17%) of invoice vouchers tested totaling \$55,566 were not recorded in the APCS property listings and were not issued property control tags.
- The Department could not provide APCS reports for the first seven months of the examination period. For several months thereafter, the Department could not provide APCS for several divisions. As a result, the auditors were unable to trace 14 (23%) items tested to a relevant property control system report.
- Auditors noted one invoice voucher (2%) for \$71,699, which was made as an emergency purchase for single beds and related furniture to replace double bunks at the Illinois Youth Center (IYC) St. Charles which were deemed to be a danger to the health and safety of the youth. The Department stated the double bunk beds being replaced were subsequently transferred to two Department of Corrections facilities which were in need of the beds. However, the Department was unable to document they removed the cost of the assets from their property control records.

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. The Department, however, was unable to provide detailed information supporting the summary worksheets and, as such, auditors were unable to test the composition of the transactions reported on the Form C-15s for fiscal years 2009 and 2010. Additionally, due to the significant number of property control system reports which were unavailable, auditors were unable to adequately test amounts included on the summary worksheets.

During testing of fixed assets at the various Youth Centers, auditors noted the following exceptions:

- At two of eight Youth Centers (Joliet and Warrenville), auditors were unable to locate equipment items (ice machine, audio cassette recorder, and a television) identified on the property control listing provided by the Department.
- At one of eight Youth Centers (Warrenville), a printer was found to be at the correct location as noted on the property control listing; however, the item was found to not be tagged.

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.”

In response to this finding in the prior examination, the Department stated, within the limitations of its antiquated property control system, the prior recommendation had been implemented. Procedures were in place to ensure timely and accurate reporting to the best of the ability of the agency within the existing property control system. Because resources did not exist to replace the system, several manual processes were required to be maintained, which are subject to human error. The Department also stated it had implemented tracking mechanisms to ensure appropriate equipment transactions were captured and reported.

For exceptions noted during the current examination, Department management indicated the limitations inherent in the property control system in excess of 30 years old creates difficulties in the recordkeeping related to equipment and capital assets. This inherent problem causes the Department 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. Management attributed the other exceptions noted to human error and oversight.

The Department had property and equipment totaling \$203,302,001 and \$204,042,604 at June 30, 2009 and 2010, respectively, 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. 10-02, 08-03)

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 accepted. IL Department of Juvenile Justice (IDJJ) will continue devoting the resources necessary within the limitations of the existing Automated Property Control System (APCS) to ensure that property and equipment information is properly recorded and maintained. IDOC will also re-evaluate the capabilities of the existing APCS to determine whether it can produce the type of data necessary for IDOC to ensure accurate recordkeeping and accountability for all State assets. If necessary, IDOC will then research other property control systems and their availability. In addition, IDOC has established a follow-up control mechanism to ensure adequate and appropriate implementation occurs.

10-03 FINDING: (Postage and permanent improvements paid by the Department of Corrections)

The Department of Juvenile Justice (Department) allowed the Department of Corrections to pay for its postage and permanent improvement expenditures.

During the examination period, the Department of Juvenile Justice and the Department of Corrections utilized one postage meter at the Concordia Court campus, where the General Office division of each department is located. No allocation between the two distinct State agencies was made for postage usage. The postage balances provided to the auditors during fieldwork for the Concordia Court postage meter for the fiscal years ended June 30, 2009 and 2010, respectively, were \$6,260 and \$3,238. The identical postage balances were provided when requested by the auditors during the compliance examination of the Department of Corrections.

Department management stated the total amounts charged to the General Office of the Department of Corrections for postage in fiscal years 2009 and 2010 were \$72,859 and \$75,174, respectively. No amounts were charged to the General Office of the Department of Juvenile Justice. Auditors inferred from this information that the Department of Corrections incurred the postage expenditures of the Department of Juvenile Justice's General Office division.

Additionally, the Department of Corrections paid for \$8,292 of permanent improvements for the Illinois Youth Center (IYC) at Warrenville, which is administered by the Department. The permanent improvements repaired three roofs during fiscal year 2009 at the IYC-Warrenville facility. The Department did not receive an appropriation for permanent improvement expenditures in fiscal year 2009.

The General Assembly, in Article 14 of Public Act 95-0734 and Article 32 of Public Act 96-0042 authorized the ordinary and contingent expenses of the Department for fiscal years 2009 and 2010, respectively. The Department of Corrections received authorization for its own ordinary and contingent expenses in Article 5 of Public Act 95-0734 and Article 33 of Public Act 96-0042.

Department management indicated the exceptions were due to employee oversight. This oversight was attributable to the fact that both agencies' expenditures are processed by the same staff at the Public Safety Shared Services Center and the Department of Juvenile Justice is a newly created agency that was previously a part of the Department of Corrections.

Misallocation of funds between government agencies undermines fiscal accountability and budgeting. (Finding Code No. 10-03)

RECOMMENDATION:

We recommend the Department comply with all statutes and other applicable rules and regulations in place pertaining to the separation of the Department from the Department of Corrections and each operate within the fiscal restraints of its own appropriation. In addition, we recommend the Department track their usage of the postage meter at Concordia Court and ensure its postage is not being paid by the Department of Corrections.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will comply with all applicable laws and regulations pertaining to the separation of IDJJ from the Illinois Department of Corrections (IDOC) and will operate within the fiscal restraints of IDJJ appropriations.

10-04 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 five 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. Six 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, and 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 \$262,136 and \$205,395 by the residents, respectively for fiscal years 2009 and 2010 for commissary/concession goods. The Murphysboro Youth Center did not provide commissary/concession services to residents during the examination period because of the boot camp style operations it facilitated until May 2010.

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. Upon inquiry by the auditors on the current status, Department management indicated that no changes were made during the examination period to the commissary/concession services vendor contract, as the amended contract which was renewed above covered the current examination period. During the previous examination, the five Youth Centers that use the vendor either provided to the auditors 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 during the current and previous examinations, 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 original 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 to the auditors in the previous examination 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.

During the previous examination, auditors also noted the Department used vendor price lists at three Youth Centers (Warrenville, St. Charles, and Joliet) with 29 identical food/snack items priced differently. Those three Youth Centers are within 25 miles of each other. During the current examination, auditors were told there had not been any changes made to the pricing process utilized at the various Youth Centers.

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 profit 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.

In response to this finding in the previous examination, the Department stated it will work to properly bid and award a contract(s) for these services. In response to the continued exceptions, the Department indicated it is continuing to work to correct the problem. The Procurement Business Case for Department concessions was not approved by the Governor's Office of Management and Budget until subsequent to fiscal year 2010.

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 Comptroller's rules regarding contract content (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. 10-04, 08-07)

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. IL Department of Juvenile Justice (IDJJ) will continue to work to comply with the requirements for selecting, awarding and contracting for commissary/concession service to the youth centers. The Department will also re-evaluate the current process for pricing goods sold at the commissaries/concessions.

10-05 FINDING: (Operation and maintenance of “cash box” imprest funds at Youth Centers)

Seven of the eight Department of Juvenile Justice (Department) Youth Centers maintain a “cash box” imprest fund. The “cash box” consists of cash from two sources. Cash is maintained in the cash box from the Juvenile Justice Inmate Trust Fund (Inmate 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 parole or release.

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 Inmate Trust Fund and Juvenile Justice Benefit Fund (Inmate 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 Inmate Trust Fund bank account and obtain cash to use in the “cash box”. The Inmates Benefit Fund central bank account periodically reimburses the Inmate 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 years 2009 and 2010, 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 \$22,962 and \$18,450, respectively.
- The Kewanee Youth Center has not requested reimbursement of their “cash box” imprest fund since fiscal year 2005 and has paid out \$876 associated with youth 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.
- Auditors noted one of eight (13%) Youth Centers (Warrenville) at which a lack of segregation of duties existed while reconciling the “cash box.”

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 Administrative Directive 02.42.105, adopted by the Department, requires all payments from the Inmate Trust Fund other than payments to the Juvenile Justice Commissary Fund (Commissary Fund) and payments of restitution shall be authorized by the offender, or as the result of a court order. In

addition, per Department of Corrections A.D. 02.40.108, adopted by the Department, loans may only be made to the Travel and Allowance Revolving Fund, “cash box” imprest fund, when an emergency exists from the Inmate Benefit Fund and 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 the “cash box” be counted on a surprise basis or reconciled by a person independent of the custodian.

In response to this finding from the prior examination, the Department stated it would work with the Comptroller regarding the classification of the funds; would remind the facilities of the requirements of good internal controls; but must, by law, provide youths 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 youth’s release, and not paid weeks later. Department management stated it would 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.

Department management indicated the continued exceptions noted at the Youth Centers in the current finding were due to insufficient resources and conflicting priorities. The Department is mandated by law to provide funds to youths upon their release.

By using the Inmate Trust Fund to loan money to support the “cash box” until the General Revenue Fund reimbursement is received, the Youth Centers are using youths’ personal accounts to fund a Youth Center operation which is not a proper or authorized use of the Inmate Trust Fund and against Department 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 accounts are maintained. (Finding Code No. 10-05, 08-09)

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 Inmate Trust Fund or Benefit Fund as means to provide cash to pay for travel allowances for committed, paroled and discharged youths while waiting for reimbursement from the General Revenue Fund. 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. IL Department of Juvenile Justice (IDJJ) will work with the Office of the Comptroller regarding the establishment of the “cash box” imprest funds and will remind youth centers of the requirements of maintaining good internal controls over the “cash box” function. The Department will also review the uses of the Inmates’ Trust Fund and the Inmates’ Benefit Fund. The Department is, however, mandated by law to provide travel and allowance funds to youths at the time of their release.

10-06 FINDING: (Failure to properly transfer unclaimed inmate cash account balances.)

The Department of Juvenile Justice (Department) Youth Centers have adopted an established Department of Corrections procedure to offset Juvenile Justice Inmate Trust Fund (Inmate Trust Fund) accounts with positive cash balances against accounts with negative balances prior to the transfer of unclaimed cash balances to the General Revenue Fund (GRF). Unclaimed accounts with positive balances are not transferred to the GRF until the net balance of accounts is positive.

The Unified Code of Corrections (Code) requires the Department to establish accounting records with individual accounts for each youth (730 ILCS 5/3-4-3(a)). In addition, the Code (730 ILCS 5/3-4-3(b)) requires any money held in accounts of a committed person, upon release from the Department by death, discharge, or unauthorized absence and unclaimed for a period of one year thereafter by the person or his legal representative to be transmitted to the State Treasurer who shall deposit it into the GRF. Further, the Illinois Department of Corrections Administrative Directives (Directives) (02.42.106), adopted by the Department, require, upon determination of dormant accounts, the Business Administrator to prepare a list, which includes the account numbers, youths' names, identification numbers, account balances and a memorandum requesting permission to transfer the balances to the GRF.

In response to this finding in previous Youth Center examinations, the Department stated it implemented policies and procedures appropriate to statute and the Department of Corrections Administrative Directives and did not believe the current policy of netting the positive and negative dormant accounts resulted in a loss of revenue to the State because all funds were deposited into a legislatively appropriated fund on deposit with the Treasurer. In an auditor's comment to the Department's response, the auditors emphasized the requirement of the Unified Code of Corrections' to transfer dormant accounts to the General Revenue Fund and the Department's fiduciary responsibility where each account within the Inmate Trust Fund be evaluated individually for potential transfer to the General Revenue Fund.

In relation to the exceptions noted in the current examination, Department management indicated its internal policy for dormant accounts is to only transfer positive balances which exceed negative balances in total for all youth accounts.

Various causes account for a negative balance, such as restitution for damages and charges for requested legal copies or postage, which could not, according to Department rules, be denied even if the youth's trust account had an insufficient balance. The majority of negative balances did not involve cash distributions from the Inmate Trust Fund, but represented amounts the Center paid from the GRF and other funds on behalf of a youth and can only be recouped if cash is available in a youth's account.

Offsetting negative account balances against other accounts in the Inmate Trust Fund effectively requires other youths' accounts to temporarily bear the costs of those deficits in the violation of the Department's fiduciary responsibility and the Unified Code of Corrections. In addition, failure to ensure dormant cash balances are transferred to the General Revenue Fund is noncompliance with the Administrative Directive and State statute. (Finding Code No. 10-06)

RECOMMENDATION:

We recommend the Department revise internal policy for dormant accounts and thereby ensure dormant cash accounts are timely transferred to the General Revenue Fund as required by statute.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will review internal policy and statutory requirements to determine the appropriate process to follow regarding dormant accounts.

10-07 FINDING: (Noncompliance with Uniform Disposition of Unclaimed Property Act)

The Department of Juvenile Justice (Department) has adopted a Department of Corrections 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.

Department of Corrections Administrative Directive 02.40.104, adopted by the Department, 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 one year to the State Treasurer for deposit into the General Revenue Fund. This would only apply to youth account balances in the Inmate 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 seven years. Debts owed would consist of checks written from the Department's locally held bank accounts that are still outstanding for a period of seven 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.

In response to this finding in the prior examination, the Department stated it was consulting with the Chief Legal Counsel at the Treasurer's Office concerning the finding. As of the time of the auditors' testing, Department management indicated they had not yet had the opportunity to consult with the Treasurer's Office due to insufficient personnel resources, which was attributed to the continuation of the current Department practices.

In addition to 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 claim and collect those amounts. (Finding Code No. 10-07, 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 the Department of Corrections 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:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will consult with the Office of the Treasurer and Legal Counsel to determine the applicability of the Uniform Disposition of Unclaimed Property Act in this process and will revise the Administrative Directive and implement as appropriate.

10-08 FINDING: (Inadequate administration of the locally held residents benefit fund at the General Office)

The Department of Juvenile Justice (Department) General Office inadequately administered its locally held (bank accounts) funds during the examination period.

During the examination period, the Department's locally held funds were managed independently at each individual Youth Center with the exception of the resident's portion of the Juvenile Justice Benefit Fund. The resident's portion of the benefit fund for the Youth Centers is consolidated into one bank account that is managed at the Department of Corrections' (DOC) General Office by the Public Safety Shared Service Center (PSSSC).

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, 2010:

- The Department of Corrections maintains separate accounts for the juvenile facility resident portion and the adult facility resident portion, which belongs to the Department of Corrections, of the benefit fund at a local financial institution. All disbursements are made from one operating account. At any point in time, funds from an adult facility and a juvenile facility could be transferred into this operating account for disbursement. The Department and the Department of Corrections are two separate and distinct agencies whose funds should not be commingled.
- The Department did not maintain copies of external documentation to support receipts deposited in the resident's portion of the Juvenile Justice Benefit Fund. Receipts could not be traced to source documentation, as the source documents are not maintained by the Department's General Office.

In response to this finding in the previous examination, the Department stated the auditors' recommendations were implemented, and, in fiscal year 2009 it had split the funds for the two agencies thus eliminating the confusion regarding the expenditures and receipts. Facilities were given copies of banking statements on a monthly basis, which had been a previous noted weakness, and access via the accounting system to track their transactions. In response to the ongoing exceptions, the Department indicated the failure to appropriately separate the overall umbrella bank account and maintain source documentation was due to conflicting priorities and employee oversight.

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.

It is important to properly administer locally held funds as they are not subject to appropriation and are held outside the State Treasury. In addition, failure to adequately administer locally held funds 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. 10-08, 08-4)

RECOMMENDATION:

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

- The DOC Resident's and Employee's Benefit Fund and Juvenile Justice Benefit Fund should be separated into two separate bank accounts.
- Sufficient source documentation should be maintained to support the receipts deposited. Handwritten notes are not sufficient.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will properly separate IDJJ and the IL Department of Corrections (IDOC) funds into two separate bank accounts and will maintain adequate source documentation to support deposited receipts.

10-09 FINDING: (Inadequate administration of locally held funds at Youth Centers)

The Department of Juvenile Justice (Department) Youth Centers inadequately administered locally held (bank accounts) funds during the examination period.

During testing of the Department's Juvenile Justice Commissary Funds Fund (Commissary Fund), Juvenile Justice Inmate Trust Fund (Trust Fund), and the Juvenile Justice Benefit Fund (Resident Benefit Fund and Employee Benefit Fund) auditors noted the following exceptions at the Youth Centers:

- Two of eight (25%) Youth Centers (Pere Marquette and Warrenville) did not follow a Department adopted Administrative Directive regarding the administration of the Resident Benefit Fund or the Employee Benefit Fund. Auditors noted instances where the required committees did not officially meet to discuss and approve expenditures; did not maintain minutes of the meetings; and failed to document approvals of expenditures. Department of Corrections Administrative Directive (A.D.) 02.43.102, adopted by the Department, requires benefit fund committees to meet and review requests for expenditures, as well as establishes written guidelines for expenditures from both of the benefit funds. The results of the committee meetings are to be documented in minutes.
- Two of eight (25%) Youth Centers (Chicago and Warrenville) did not deposit locally held fund receipts timely. Department of Corrections A.D. 02.40.110, adopted by the Department, requires the Youth Center to deposit cash accumulated in the amount of \$1,000 or more on any Business Office working day no later than 12:00 a.m. the next working day. The A.D. also requires deposits to be made at least once a week.
- One of eight (13%) Youth Center (Warrenville) did not timely disburse 19 of 19 (100%) discharged resident trust fund account balances tested due to the absence of a key employee from November 2008 through mid-March 2009. The tested disbursements ranged from 35 to 223 days late and totaled \$4,272. During the time of the employee's absence, Youth Center management stated no disbursements were made to residents. The Unified Code of Corrections Act (730 ILCS 5/3-9-2) requires funds deposited into the established savings account be given to the person upon the release of the committed person.
- Two of eight (25%) Youth Centers (Joliet and Kewanee) did not deposit earned interest to individual accounts for balances in excess of \$200 of the residents' locally held trust fund accounts nor did they deposit any residents' locally held trust fund accounts in excess of \$200 into individual interest bearing savings accounts in which all interest is to accrue to that account as required by Department of Corrections A.D. 02.42.101, adopted by the Department.

- One of eight (13%) Youth Centers (Kewanee) did not maintain an adequate segregation of duties over the inventory function within a locally held fund. Auditors noted both the monthly and year-end youth commissary inventory counts were conducted solely by the commissary supply supervisor. In addition, the same employee also had the authority to sell inventory, complete store requisitions for breakage and spoilage write-offs, and physically dispose of scrap inventory.
- Seven of eight (88%) of the Department's Youth Centers (Chicago, Harrisburg, Joliet, Kewanee, Murphysboro, Pere Marquette, and St. Charles) utilized store gift/purchase cards to make purchases as opposed to having the store bill the Youth Centers and process the payment through the normal expenditure process. Auditors noted the Youth Centers had made purchases on the gift/purchase cards during the examination period of approximately \$8,400. The Department does not have a written administrative directive relating to the use, reporting, and safeguarding of gift/purchase cards.

In response to this finding from the previous examination, the Department stated it would make every effort to ensure compliance. Department management indicated the current 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. 10-09, 08-08)

RECOMMENDATION:

We recommend the Department remind the Youth Center staff of the requirements related to the locally held fund administration as set forth in the administrative directives. In addition, the Department should prepare a formal administrative directive to cover the overall gift/purchase card process.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure youth center compliance with the requirements related to locally held fund administration and will make any changes or revisions to the Administrative Directives, as necessary.

10-10 FINDING: (Payroll timekeeping system not automated)

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

During the previous 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 the previous examination, each Youth Center as well as other functions of the Department continued to maintain a manual timekeeping system for approximately 1,200 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.

During testing of the Department's manual timekeeping system, timesheets for 60 employees were selected and auditors noted exceptions related to 58 (97%) of the employee timesheets. A summary of the exceptions is as follows:

- Fifty-four of 60 (90%) employees did not submit timesheets in accordance with the State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5(c)) which 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."
 - Auditors were provided with a roll call sheet for 30 employees to demonstrate the employee was present on the day tested and a Sign In/Out sheet for 22 employees. Sign In/Out sheets and roll call sheets, which are utilized by most of the Department's approximately 1,200 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 with weekly attendance logs documenting the time two employees start and end work each day; however, the employees' time is not detailed to the nearest quarter hour.
- Auditors were not provided with an attendance record for four of 60 (7%) employees. As a result, the auditors could not determine if a timesheet of any sort was properly submitted for these employees.

In response to these exceptions and similar exceptions from the previous examination, the Department stated it was limited in the implementation of the finding recommendation based upon resources and the existing manual timekeeping system. Upon implementation of an automated timekeeping system, the issue should be resolved.

Department management indicated the existing manual timekeeping system does not allow for employee time to be maintained to the nearest quarter hour as required by the Act.

In regard to automating the timekeeping system, the Department had previously responded they do not have the resources to purchase a new timekeeping system, but would participate in a new statewide system should one be purchased. During the current examination the Department of Central Management Services and Capital Development Board (CDB) initiated work on a statewide automated timekeeping system. The State entered into a contract with a vendor to provide supplies and services for a timekeeping system which included services, software licenses and hardware. CDB expended \$1.6 million to the vendor for software licenses and hardware; however as of the end of the engagement fieldwork nothing else had been done towards implementation of the system at the Department.

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 management indicated the Department does not have the resources to purchase a new timekeeping system, but it would participate in a new statewide system should one be purchased.

The lack of an automated timekeeping system increases the risk of errors and reduces the control efficiencies for accurately tracking time as well as not complying with required timekeeping requirements set forth by statute. (Finding Code No. 10-10, 08-11)

RECOMMENDATION:

We recommend the Department comply with the State Officials and Employees Ethics Act. In addition, we also recommend the Department work towards implementing an automated timekeeping system.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to comply with the State Officials and Employees Ethics Act, although IDJJ does not, at this time, have the resources to purchase a new timekeeping system. The Department would, however, participate in a new statewide system should one be purchased.

10-11 FINDING: (Employee performance evaluations not performed timely or at all)

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

During testing of a sample of 60 employee personnel files, 41 (68%) exceptions were noted related to employee performance evaluations. Twenty-eight of the 41 (68%) employees' performance evaluations were not performed timely and ranged from one to 150 days late. For 13 of the 41 (32%) exceptions noted, performance evaluations were not documented as 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, adopted by the Department, 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 seven 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.

In response to this finding in the prior examination, the Department stated it would make every effort to ensure compliance with evaluation requirements. For the exceptions noted in the current examination, Department management indicated performance evaluations were not conducted in a timely manner due to staffing constraints, oversight and lack of adequate 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. 10-11, 08-12)

RECOMMENDATION:

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

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure compliance with evaluation requirements.

10-12 FINDING: (Inadequate documentation of employee training)

The Department of Juvenile Justice (Department) is not properly documenting that all employees complete their minimum required number of training hours.

During testing of the Department's training records for fiscal years 2009 and 2010, the Department was unable to provide documentation that 32 of 60 (53%) employees selected had completed all the mandatory training hour requirements. In addition, the Department could not provide any training documentation for three of 60 (5%) employees selected.

The same issue of not being able to document the minimum training hour requirements was noted in the previous examination. A summary of the results for the last two examinations is noted in the following table:

Two Years Ending	No. of Exceptions	Sample Size	% Exceptions
June 30, 2008	15	25	60%
June 30, 2010	35	60 *	58%

* Due to the change in the examination scope, the sample size included all divisions and Youth Centers, not just those of the General Office.

According to the Department of Corrections' Administrative Directive (A.D.) 03.03.102, adopted by the Department, 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 A.D. 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.

In response to this finding from the prior examination, the Department stated it would make every effort to ensure compliance with training requirements. Department management indicated the lack of adequate documentation for training at various youth facilities for the current engagement was due to a failure to appropriately document training hours and follow-up to ensure adequate hours are provided and attended during the year.

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. (Finding Code No. 10-12, 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. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure compliance with training requirements.

10-13 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 60 employees' personnel files, 34 of 60 (57%) employees' personnel files were not properly maintained. The following exceptions were noted:

- Two of 60 (3%) files included a Personnel/Position Action Form (CMS-2) which did not agree to the amount paid to the employee during the pay period.
- The Department was unable to provide signed deduction authorization cards or insurance forms for 21 of 60 (35%) files tested. A total of 27 salary deduction authorizations were missing among the 21 files tested.
- The Department was unable to provide accurate insurance forms for 11 of 60 (18%) files tested. The inaccuracies noted included, but were not limited to, the forms on file not supporting the elections of the insured for the pay period tested or not supporting the election being withheld from the insured's payroll.

Department of Corrections' Administrative Directive 03.02.107, adopted by the Department, 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 State Salary and Annuity Withholding Act (5 ILCS 365/4) permits an employee to authorize a portion of his salary for payment of premiums for life or health insurance, credit union, contribution to an institution of higher education, charitable contribution, and for payment of optional contributions to a retirement plan. The Comptroller's Statewide Accounting Management System (SAMS) procedure 23.20.30 directs the employee to complete a Payroll Deduction Authorization Card for these types of deductions and SAMS procedure 23.20.05 requires State agencies to maintain on file a properly completed Federal and Illinois W-4. The Department of Correction's Administrative Directive 02.10.101, adopted by the Department, requires all insurance related documents to be maintained in the individual employee's insurance file.

In response to this finding from the prior examination, the Department stated it would make every effort to ensure documentation was maintained. For exceptions noted during the current examination, Department management indicated the lack of documentation in the employee personnel files at various youth facilities was due to failure to timely document changes, improper filing, human error and oversight.

The lack of documentation in employee personnel files is noncompliance with the Department's administrative directives 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. 10-13, 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. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure all required documentation is maintained in employee personnel and payroll files in compliance with Department Administrative Directives and the Comptroller's Statewide Accounting Management System (SAMS).

10-14 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 61 contractual agreements, auditors noted the following exceptions:

- Five of 61 (8%) contracts totaling \$230,825 did not include certifications and disclosures, or included incomplete disclosures, required by Section 15 of the Statewide Accounting Management System (SAMS) manual and various sections of the Illinois Procurement Code (30 ILCS 500/50).

Section 15 of the SAMS manual provides specific instructions on the certifications, disclosures, and clauses required of each type of contract processed by State agencies.

Article 50, Section 14 of the Illinois Procurement Code (30 ILCS 500/50-14) states that every contract executed by the State shall contain a certification by the contractor that the contractor is not barred from being awarded a contract for committing a willful and knowing violation of the Environmental Protection Act.

Article 50, Section 35 of the Illinois Procurement Code (30 ILCS 500/50-35) requires all offers from responsive bidders with an annual value of more than \$25,000 to be accompanied by a disclosure of the financial interests and potential conflicts of interest of the bidder and each subcontractor to be used.

- One of 61 (2%) contracts for \$10,968 was not signed by the Department Director as required by Administrative Directive 02.20.181 which states, “all contracts over \$10,000 and all professional and artistic, personal services, and consultant services contracts, regardless of amount, shall be submitted to the Division of Finance for appropriate approvals and the Director’s signature.”
- The Department could not demonstrate adequate contract monitoring for 22 of 61 (36%) contracts totaling \$12,519,969. Specifically, the auditors noted:
 - The Department could not provide the deliverables specified in the contract for 16 of 22 contracts totaling \$11,890,993 verifying the contractor performed in accordance with the contract terms.
 - The deliverables provided for one of 22 contracts for \$13,260 did not include all information required by the contract.
 - The Department did not document their monitoring of five of 22 contracts totaling \$1,166,690.

The Department of Correction's A.D. 02.20.182, adopted by the Department, requires all contracts for services be monitored by the Chief Administrator. This monitoring includes ensuring services rendered meet specifications and contractors provide only those services authorized by the contractor or by the Chief Administrator and in the manner specified by the terms of the contract.

- One of 61 (2%) contracts for \$38,400 required invoices to be submitted 30 days after the work was performed; however, billings were submitted up to 90 days late.

During testing of emergency purchases for which affidavits had been filed, auditors noted one of two (50%) emergency purchases for \$64,668 was not published in the Illinois Procurement Bulletin and the related affidavit was not filed within 10 days after the procurement as required by the Illinois Procurement Code (30 ILCS 500/20-30). The emergency purchase affidavit was filed 23 days late.

Section 20-30 of the Illinois Procurement Code (30 ILCS 500) allows a purchasing agency to make emergency procurements without competitive bidding or prior notice under specific circumstances outlined within the statute; however, the term of the emergency purchase is limited to the time practically needed for a competitive procurement not to exceed 90 days. Notice (20-30(b)) of all emergency procurements is to be sent to the Procurement Policy Board and published in the online electronic Bulletin no later than three business days after the contract is awarded. Notice of intent to lengthen an emergency contract must be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing. Emergency purchase affidavits (20-30(c)) must be filed with the Procurement Policy Board and the Auditor General within 10 days after the procurement setting forth the amount expended, the name of the contractor involved, and the conditions and circumstances requiring the emergency procurement. Within 10 days after the procurement, if only an estimate of the cost is provided, the actual cost is to be reported without delay after it is determined.

During testing of the Department's lump sum appropriations, auditors noted the Department did not follow the payment schedule or the billing rates within the contractual agreements for two contractual agreements tested. Prudent business practices dictate the Department abide by the payment schedule and rates within the contractual agreements, or document within the contractual agreement files discussions with the vendor as to modification or amendment to those payment terms.

In response to this finding in the prior examination, the Department stated it had implemented controls to ensure contracts were processed timely and accurately. For the exceptions noted during the current examination, Department management indicated the failure to ensure proper controls were established in the administration of contracts was due to employee oversight, human error, lack of resources and inadequate communication within the Department.

Failure to properly administer contractual agreements to ensure compliance with all applicable statutes and procedures could potentially compromise public accountability

and oversight and results in noncompliance with statutes, Department administrative directives and the SAMS manual. (Finding Code No. 10-14, 08-18)

RECOMMENDATION:

We recommend the Department implement the necessary controls to adequately administer its contractual agreements and ensure compliance with applicable statutes, Department Administrative Directives and the SAMS manual.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will implement the necessary controls to ensure contracts are properly administered and in compliance with applicable laws and regulations.

10-15 FINDING: (Inadequate procedures regarding State vehicles)

The Department of Juvenile Justice (Department) did not follow State statute, Department administrative directives and State administrative rules 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 found Department employees were not ensuring vehicles 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 exceptions noted were as follows:

- During testing of five reported accidents involving State owned vehicles, auditors noted two (40%) instances in which the accidents had not been reported to the Department of Central Management Services (DCMS) on a timely basis. The required accident reports are submitted one to five days late. An analysis of this issue for the last two examinations is summarized in the following table:

Two Years Ending	Number of Exceptions	Sample Size	% of Exceptions	Range of Days Late
June 30, 2008	2	5	40%	1
June 30, 2010	2	5	40%	1 to 5

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 Department of Correction’s Administrative Directive (A.D.) 02.75.149, adopted by the Department, 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 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.

- For fiscal years 2009 and 2010, auditors requested to examine 60 vehicle maintenance records and noted the Department was unable to provide any maintenance documentation for three (5%) of the selected vehicles. Of the 57 vehicles for which maintenance records were provided, the Department failed to have annual inspections performed on nine (16%) vehicles during the fiscal year tested. Additionally, 19 (33%) did not receive either or both adequate tire rotations and oil changes for the year tested. An analysis of the inadequate oil change issue for the last two examinations is summarized in the following table:

Two Years Ending	Number of Exceptions	Sample Size	% of Exceptions	Range of Miles Oil Change Past Due
June 30, 2008	16	25	64%	Unavailable
June 30, 2010	19	57*	33%	508 to 10,971

* Sample size of 60 less the 3 for which the Department could not provide any maintenance records. Due to the scope change of the examination, the sample size included all divisions and Youth Centers, not just those of the General Office.

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 Juvenile Justice A.D. 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 DCMS 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.

- The Department has adopted the U.S. Department of the Treasury Rule and developed Form DJJ 0346, 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 nine employees who were allowed the “personal use” of a State vehicle, six were not exempt from fringe benefit taxation. For these employees, the Department failed to record the fringe benefits in the payroll system for five of six (83%) of the employees tested. Exceptions were also noted in this area during the prior examination.

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. A. D. 01.02.106 requires all Department employees who are subject to vehicle usage income to complete Form DJJ 0346. Form DJJ 0346 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 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 one of nine (11%) employees tested that were assigned a Department vehicle. Of the eight license and insurance certifications received and tested, 5 (63%) were not filed by the July 31st deadline. The certifications were filed between 53 and 97 days late. Exceptions were also noted in this area in the prior examination.

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.

- The Department could not provide Form DJJ 0350, Monthly Mileage Report, for seven of nine (78%) employees for the period tested. Form DJJ 0350 is required by A.D. 01.02.106.

In response to this finding in the prior examination, the Department stated it was in the process of seeking a replacement fleet management system from another agency. It also responded drivers would be reminded of the importance of timely notifications and documentation. In response to the exceptions in the current examination, Department management indicated the exceptions related to the operation of automotive equipment were due to conflicting priorities, human error and employee oversight. (Finding Code No. 10-15, 08-19)

RECOMMENDATION:

We recommend the Department:

- 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 Department's Administrative Directive.
- Enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles.
- Establish controls to ensure compliance with the Treasury Rule related to personal use of a State/Department assigned vehicle.
- Establish a procedure to receive the proper Department forms 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. IL Department of Juvenile Justice (IDJJ) will make every effort to ensure compliance with proper controls and procedures regarding State vehicles and will revise processes and procedures as needed.

10-16 FINDING: (Failure to prepare and/or submit required reports to the Governor and the General Assembly)

During testing of the Department of Juvenile Justice (Department) auditors noted the Department failed to prepare and/or submit two reports to either the Office of the Governor and/or the General Assembly as required. Specifically, the auditors noted the following exceptions:

- The Department failed to timely submit its fiscal year 2008 “Agency Workforce Report” to the Office of the Governor’s 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 Office of the Governor 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 failed to submit its fiscal year 2008 “Agency Workforce Report” to the Office of the Governor by the January 1, 2009 deadline. The report was submitted on May 18, 2010, approximately 16 months late.
- The Juvenile Advisory Board (Board), of which the Director of the Department is an ex officio member and serves as secretary, has not yet established outcome measures for the Department in order to ascertain it is successfully fulfilling the mission as outlined in the Unified Code of Corrections (730 ILCS 5). No formal report on the results of the Department’s work as defined by those measures has been submitted to the Governor and General Assembly since the effective date of the statute, which was June 1, 2006. The Unified Code of Corrections (730 ILCS 5/3-2.5-65) requires the annual results of the Department’s work as defined by the outcome measures established by the Board be approved by the Board and be included in an annual report transmitted to the Governor and General Assembly jointly by the Department Director and the Board.

Department management stated the fiscal year 2008 “Agency Workforce Report” had been prepared and signed by the Chief Fiscal Officer on December 23, 2008 and was believed to have been submitted to the Office of the Governor by the due date as required. However, the Department failed to verify receipt of the report by the Office of the Governor. When the Department was notified in May 2010 that the report had not been received, the Department promptly resubmitted the report to the Office of the Governor.

Department management indicated the report on the Department’s work as defined by the outcome measures that were to be established by the Board was not completed due to timing constraints and conflicting priorities.

Failure to prepare and/or submit the required reports to the Office of the Governor and General Assembly prevents the appropriate oversight authority from receiving relevant feedback and monitoring of programs which can have an effect on future decisions since information was not provided. In addition, not preparing and submitting the required reports to the defined parties results in noncompliance with State statute. (Finding Code No. 10-16, 08-17)

RECOMMENDATION:

We recommend the Department work together with the members of the Board and provide the necessary resources to ensure the required reports are developed and submitted on a timely basis to the required parties in accordance with State statute.

DEPARTMENT RESPONSE:

Recommendation accepted. IL Department of Juvenile Justice (IDJJ) will make every effort to prepare and/or submit the reports timely and as required.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

PRIOR FINDINGS NOT REPEATED – DEPARTMENT WIDE

- A. Prior Finding (Failure to provide requested engagement documentation in a timely manner or at all and lack of cooperation during the examination)

The prior examination noted the Department did not provide requested documentation to the auditors in a timely manner and generally demonstrated a lack of cooperation during the examination.

During the current engagement, auditors noted the Department improved the timeliness and responsiveness to examination requests. As a result, the finding is not repeated. (Finding Code No. 08-1)

- B. Prior Finding (Failure to expend personal service appropriations in compliance with Legislative intent)

The prior examination noted the Department failed to satisfy the legislative intent of its appropriation authority during fiscal years 2007 and 2008 by not expending funds the legislature appropriated to hire new front line staff.

During the current examination period, the testing performed on a sample of transactions indicated the Department expended its personal service appropriations within the limitations and guidelines of appropriation language as passed by the legislature. As a result, the finding is not repeated. (Finding Code No. 08-5)

- C. Prior Finding (Inadequate controls over grant reporting)

The prior examination noted the Department failed to implement adequate controls over grant reporting.

During the current engagement, auditors noted the Department correctly reported amounts received under the grants. As a result, the finding is not repeated. (Finding Code No. 08-6)

- D. Prior Finding (Grant funds not utilized to provide new computers for Illinois Youth Centers)

The prior examination noted the Department failed to utilize available grant funds to purchase new computers for Illinois Youth Centers (IYCs).

During the current examination period, auditors did not note instances of the Department foregoing available grant funds which could benefit incarcerated youth of the State or not utilizing grant funds received for the specified intended purposes. As a result, the finding is not repeated. (Finding Code No. 08-10)

- E. Prior Finding (Timesheets not submitted in compliance with State Officials and Employees Ethics Act)

The prior examination noted the Department was not requiring all of its employees to submit timesheets as required by the State Officials and Employees Act (Act).

During the current examination period the deficiencies continued. However, due to its similarity to the weaknesses related to the Department's payroll timekeeping system not being automated, the exceptions noted in the current examination period related to timesheets not submitted in compliance with Act were grouped with Finding 10-10. (Finding Code No. 08-13)

- F. Prior Finding (Standardized procedures for separated employees not being followed)

The prior examination noted the Department failed to follow the established standardized procedures when employees leave employment with the Department.

During the current examination period, auditors noted the Department made improvements in following its standardized procedures related to separated employees. Although there were still minor exceptions identified, this finding is not repeated. (Finding Code No. 08-15)

- G. Prior Finding (Failure to document reconciliations were performed in a timely manner)

The prior examination noted the 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 the current examination period, the auditors noted the Department performed timely reconciliations. As a result, the finding is not repeated. (Finding Code No. 08-20)

- H. Prior Finding (Inadequate control of voucher processing)

The prior examination noted the Department did not have adequate controls over voucher processing for the General Office and for the Youth Centers.

During the current examination period, auditors noted the Department made improvements related to voucher processing. Although there were still minor exceptions identified, this finding is not repeated. (Finding Code No. 08-21)

- I. Prior Finding (Cash receipts and refunds not paid into the State treasury on timely basis as required by State law)

The prior examination noted the 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 the current examination period, auditors noted the Department made improvements related to the timely processing of cash receipts and refunds. Although there were still minor exceptions identified, this finding is not repeated. (Finding Code No. 08-22)

- J. Prior Finding (Failure to report required bilingual employee needs information)

The prior examination noted the 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.

The reports tested during the current examination period were submitted in a timely manner. As a result, the finding is not repeated. (Finding Code No. 08-23)

- K. Prior Finding (Failure to timely prepare and submit required reports to mandated entities)

The prior examination noted the Department failed to timely prepare and submit the Service Efforts and Accomplishments Report, the Annual Real Property Utilization Report, and the TA-2 Report.

Auditors tested the submission of these reports and noted no exceptions during the current examination period. As a result, the finding is not repeated. (Finding Code No. 08-24)

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

PRIOR FINDINGS NOT REPEATED – YOUTH CENTERS

The following table depicts the results of the auditors' follow-up on the findings from the limited scope compliance examinations performed at the individual Youth Centers for the two years ended June 30, 2008. If the table below indicates the finding was repeated, the issues within the prior year finding were included in one of the findings resulting from the Department-wide compliance examination for the two years ended June 30, 2010. If the finding was not repeated, the auditors determined sufficient corrective action was implemented during the current examination period at the specific Youth Center and/or collectively the individual weakness did not exist on a Department-wide level to warrant a current year finding. Individual reports on each Youth Center are not being issued for the two years ended June 30, 2010.

Prior Finding No.	Finding	Repeated
Chicago		
08-1	No documentation of approval of payroll vouchers	No
08-2	Perpetual inventory system not maintained	No
Harrisburg		
08-1	Voucher processing weakness	No
08-2	Inadequate controls over the commodities inventory	No
Joliet		
08-1	Inadequate controls over voucher processing	No
08-2	Inadequate trust fund procedures	Yes
08-3	Inaccurate fixed asset reporting	No
08-4	Amounts not provided for reporting	No
Kewanee		
08-1	The Center did not maintain a record of outside personnel who accessed the Master Record file of youths	No
Murphysboro - No prior year findings.		
Pere Marquette		
08-1	Noncompliance with professional service contract requirements	No
08-2	Voucher processing weaknesses	No
08-3	Noncompliance with administrative directives	Yes
St. Charles		
08-1	Inadequate employee training	Yes
Warrenville		
08-1	Inadequate controls over the processing of invoice vouchers	No
08-2	Inadequate segregation of duties	No
08-3	Untimely disbursement of resident funds	Yes

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, 2010
 - Year Ended June 30, 2009
 - Notes to the Schedules of Expenditures of Federal Awards
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Fiscal Year 2010
 - Fiscal Year 2009
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Object – All Funds
 - Comparative Schedule of Expenditures by Youth Center – All Funds
 - Schedule of Locally Held Funds
 - 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 Accounts Receivable
- Analysis of Operations:
 - Agency Functions and Planning Program
 - Average Number of Employees
 - Analysis of Employee Overtime (Not Examined)
 - Annual Cost Statistics and Notes (Not Examined)
 - Participating Educational Institutions – School District #428 (Not Examined)
 - Emergency Purchases
 - 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, Participating Educational Institutions - School District #428, 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, 2010
(Expressed in Thousands)

<u>Federal Grantor/Pass-Through Grantor /Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Passed Through the Illinois State Board of Education:		
School Breakfast Program	10.553	\$ 854
National School Lunch Program	10.555	1,526
Total Child Nutrition Cluster		<u>2,380</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	<u>11</u>
Total U.S. Department of Agriculture		<u>2,391</u>
<u>U.S. Department of Justice</u>		
Direct Programs:		
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	167
Passed Through the Illinois Criminal Justice Information Authority:		
Juvenile Accountability Block Grants	16.523	149
Residential Substance Abuse Treatment for State Prisoners	16.593	347
Edward Byrne Memorial Justice Assistance Grant Program	16.738	365
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	174
Passed through the Illinois Department of Human Services:		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	<u>262</u>
Total U.S. Department of Justice		<u>1,464</u>
<u>U.S. Department of Education</u>		
Passed Through the Illinois State Board of Education:		
Title I State Agency Program for Neglected and Delinquent Children	84.013	709
Safe and Drug-Free Schools and Communities-State Grants	84.186	1
Improving Teacher Quality State Grants	84.367	7
ARRA - Special Education Grants to States	84.391	<u>48</u>
Total U.S. Department of Education		<u>765</u>
Total Expenditures of Federal Awards		<u>\$ 4,620</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, 2009
(Expressed in Thousands)

Federal Grantor/Pass-Through Grantor /Program Title	CFDA Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>		
Passed Through the Illinois State Board of Education:		
School Breakfast Program	10.553	\$ 869
National School Lunch Program	10.555	1,578
Total Child Nutrition Cluster		<u>2,447</u>
Total U.S. Department of Agriculture		<u>2,447</u>
<u>U.S. Department of Justice</u>		
Direct Programs:		
Prisoner Reentry Initiative Demonstration (Offender Reentry)	16.202	334
Passed Through the Illinois Criminal Justice Information Authority:		
Juvenile Accountability Block Grants	16.523	375
Residential Substance Abuse Treatment for State Prisoners	16.593	308
Edward Bryne Memorial Justice Assistance Grant Program	16.738	164
Passed through the Illinois Department of Human Services:		
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	<u>119</u>
Total U.S. Department of Justice		<u>1,300</u>
<u>U.S. Department of Labor</u>		
Direct Programs:		
WIA Pilots, Demonstrations, and Research Projects	17.261	<u>110</u>
<u>U.S. Department of Education</u>		
Passed Through the Illinois State Board of Education:		
Title I State Agency Program for Neglected and Delinquent Children	84.013	1,233
Special Education - Grants to States	84.027	724
Safe and Drug-Free Schools and Communities - State Grants	84.186	6
State Grants for Innovative Programs	84.298	1
Improving Teacher Quality State Grants	84.367	<u>39</u>
Total U.S. Department of Education		<u>2,003</u>
Total Expenditures of Federal Awards		<u>\$ 5,860</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, 2010 and 2009

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 Schedules of Expenditures of Federal Awards for the years ended June 30, 2010 and June 30, 2009 have been prepared on a cash basis of accounting.

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. Prisoner Reentry Initiative Demonstration (Offender Reentry) – CFDA No. 16.202 – The Reentry Initiative helps ensure the transition people make from prison or jail to the community is safe and successful. Section 101 of the Act, in addition to providing grants to state and local governments and federally recognized Indian tribes that may be used for

3. DESCRIPTION OF FEDERAL AWARD PROGRAMS – Continued

A. Prisoner Reentry Initiative Demonstration (Offender Reentry) – CFDA No. 16.202 – continued

demonstration reentry projects, also allows for the establishment of a National Adult and Juvenile Offender Reentry Resource Center.

B. Juvenile Accountability Block Grants – CFDA No. 16.523 – The objective of the Juvenile Accountability Block Grants Program is to provide states with funds to develop programs to strengthen and promote greater accountability in the juvenile justice system, to survey the field and identify projects that would benefit from research, demonstration, and evaluation in the 17 purpose areas identified in the JABG Program, and to provide training and technical assistance to states so they may develop programs outlined in the 17 program areas to promote greater accountability in the juvenile justice system.

C. Juvenile Justice and Delinquency Prevention – Allocation to States – CFDA No. 16.540 – The Juvenile Justice and Delinquency Prevention Program increases the capacity of State and Local governments to support a variety of programs related to delinquency prevention and reduction, juvenile justice system improvement, research, evaluation, statistical analysis, and training and technical assistance.

D. 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.

E. Edward Byrne Memorial Justice Assistance Grant Program – CFDA 16.738 – The Edward Byrne Memorial Justice Assistance Grant (JAG) Program supports all components of the criminal justice system from multijurisdictional drug and gang task forces to crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. JAG funded projects may address crime through the provision of services directly to individuals and/or communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

U.S. Department of Education

A. Title I State Agency 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, 2010 and 2009.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2010

For the Fourteen Months Ended August 31, 2010

<u>Public Acts 96-0042; 96-0046; 96-0819</u>	Appropriations (Net After Transfers)	Expenditures Through June 30, 2010	Approximate Lapse Period Expenditures July 1 to August 31, 2010	Approximate Total Expenditures	Approximate Balances Lapsed
GENERAL REVENUE FUND - 0001					
General Office:					
Personal services for non-bargaining unit employees	\$ 3,378,400	\$ 3,190,927	\$ 60,551	\$ 3,251,478	\$ 126,922
Personal services for bargaining unit employees	78,140,600	74,296,670	3,760,676	78,057,346	83,254
State contributions to social security for non-bargaining unit employees	312,000	238,161	4,520	242,681	69,319
State contributions to social security for bargaining unit employees	5,924,200	5,488,615	280,418	5,769,033	155,167
Operational expenses	27,115,000	22,842,482	2,486,976	25,329,458	1,785,542
Operational expenses, awards, grants, and permanent improvements	293,100	131,143	124,020	255,163	37,937
	<u>115,163,300</u>	<u>106,187,998</u>	<u>6,717,161</u>	<u>112,905,159</u>	<u>2,258,141</u>
Governor's Discretionary Appropriation:					
Governor's Discretionary Appropriation	2,500,000	1,273,340	898,816	2,172,156	327,844
Governor's Discretionary Appropriation	1,000	-	-	-	1,000
	<u>2,501,000</u>	<u>1,273,340</u>	<u>898,816</u>	<u>2,172,156</u>	<u>328,844</u>
 Total General Revenue Fund	 <u>117,664,300</u>	 <u>107,461,338</u>	 <u>7,615,977</u>	 <u>115,077,315</u>	 <u>2,586,985</u>
CAPITAL DEVELOPMENT FUND - 0141					
General Office:					
Health and life safety improvements at juvenile justice facilities	2,500,000	-	-	-	2,500,000
 Total Capital Development Fund	 <u>2,500,000</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>2,500,000</u>
REIMBURSEMENT AND EDUCATION FUND - 0523					
Statewide services and grants:					
School district programs expenses	5,000,000	938,689	375,661	1,314,350	3,685,650
Federal programs	3,000,000	963,249	277,658	1,240,907	1,759,093
Miscellaneous programs	5,000,000	1,925,217	180,570	2,105,787	2,894,213
	<u>13,000,000</u>	<u>3,827,155</u>	<u>833,889</u>	<u>4,661,044</u>	<u>8,338,956</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2010

For the Fourteen Months Ended August 31, 2010

<u>Public Acts 96-0042; 96-0046; 96-0819</u>	Appropriations (Net After Transfers)	Expenditures Through June 30, 2010	Approximate Lapse Period Expenditures July 1 to August 31, 2010	Approximate Total Expenditures	Approximate Balances Lapsed
REIMBURSEMENT AND EDUCATION FUND - 0523 (continued)					
Federal Stimulus - ARRA:					
Federal recovery and programs	\$ 4,000,000	\$ 199,589	\$ 322,007	\$ 521,596	\$ 3,478,404
	<u>4,000,000</u>	<u>199,589</u>	<u>322,007</u>	<u>521,596</u>	<u>3,478,404</u>
Total Reimbursement and Education Fund	<u>17,000,000</u>	<u>4,026,744</u>	<u>1,155,896</u>	<u>5,182,640</u>	<u>11,817,360</u>
 TOTAL APPROPRIATED FUNDS	 <u>\$ 137,164,300</u>	 <u>\$ 111,488,082</u>	 <u>\$ 8,771,873</u>	 <u>\$ 120,259,955</u>	 <u>\$ 16,904,345</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, 2010. Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor. Approximate lapse period expenditures do not include interest payments approved for payment by the Department and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2009

For the Fourteen Months Ended August 31, 2009

<u>Public Acts 95-0734; 96-0004</u>	Appropriations (Net After Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31, 2009	Total Expenditures	Balances Lapsed
GENERAL REVENUE FUND - 0001					
General Office:					
Personal services	\$ 103,200	\$ 77,546	\$ 2,114	\$ 79,660	\$ 23,540
State contributions to state employees' retirement system	28,200	16,334	445	16,779	11,421
Continuing appropriation for State contributions to employees' retirement system	5,100	-	-	-	5,100
State contributions to social security	16,100	14,678	1,375	16,053	47
Contractual services	151,500	132,073	18,414	150,487	1,013
Commodities	1,300	574	635	1,209	91
Equipment	1,000	250	-	250	750
Electronic data processing	703,400	58,624	644,776	703,400	-
Telecommunications services	2,400	-	2,272	2,272	128
Sheriffs' fees for conveying youth	37,500	-	-	-	37,500
State's share of Assistant State's Attorneys' salaries	41,800	-	-	-	41,800
Repairs, maintenance, and other capital improvements	50,000	20,937	29,063	50,000	-
Payment of statewide hospitalization	489,800	45,622	7	45,629	444,171
	<u>1,631,300</u>	<u>366,638</u>	<u>699,101</u>	<u>1,065,739</u>	<u>565,561</u>
School District:					
Personal services	6,482,000	5,605,255	331,510	5,936,765	545,235
State contributions to state employees' retirement system	1,352,900	1,165,089	69,580	1,234,669	118,231
Continuing appropriation for State contributions to employees' retirement system	32,400	-	-	-	32,400
State contributions to teachers' retirement system	2,700	435	20	455	2,245
State contributions to social security	429,000	404,631	24,298	428,929	71
Contractual services	763,800	613,158	136,308	749,466	14,334
Travel	7,700	5,849	1,541	7,390	310
Commodities	38,900	24,484	12,948	37,432	1,468
Printing	9,100	5,040	191	5,231	3,869
Telecommunications services	1,900	-	-	-	1,900
Operation of automotive equipment	5,100	-	-	-	5,100
	<u>9,125,500</u>	<u>7,823,941</u>	<u>576,396</u>	<u>8,400,337</u>	<u>725,163</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2009

For the Fourteen Months Ended August 31, 2009

<u>Public Acts 95-0734; 96-0004</u>	Appropriations (Net After Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31, 2009	Total Expenditures	Balances Lapsed
GENERAL REVENUE FUND - 0001 (continued)					
After Care Services:					
Personal services	\$ 340,100	\$ 96,160	\$ 3,116	\$ 99,276	\$ 240,824
State contributions to state employees' retirement system	79,600	20,249	657	20,906	58,694
State contributions to social security	8,500	7,952	236	8,188	312
Contractual services	1,186,900	765,969	353,487	1,119,456	67,444
Travel	17,000	10,274	977	11,251	5,749
Travel and allowance for prisoners	1,800	788	-	788	1,012
Commodities	1,300	925	-	925	375
Printing	1,000	1,000	-	1,000	-
Telecommunications services	60,700	23,700	1,857	25,557	35,143
Operation of automotive equipment	8,300	6,352	1,306	7,658	642
	<u>1,705,200</u>	<u>933,369</u>	<u>361,636</u>	<u>1,295,005</u>	<u>410,195</u>
Illinois Youth Centers - Consolidated:					
Personal services	72,525,300	68,068,578	3,980,966	72,049,544	475,756
Student, member, and inmate compensation	155,900	125,245	16,677	141,922	13,978
State contributions to state employees' retirement system	12,581,500	12,581,500	-	12,581,500	-
Continuing appropriation for State contributions to employees' retirement system	2,598,400	1,757,422	838,754	2,596,176	2,224
State contributions to social security	5,383,200	5,056,397	298,168	5,354,565	28,635
Contractual services	18,393,100	16,914,170	1,380,281	18,294,451	98,649
Travel	72,200	38,894	13,151	52,045	20,155
Travel and allowance for prisoners	23,200	16,178	5,997	22,175	1,025
Commodities	3,525,900	2,961,806	485,084	3,446,890	79,010
Printing	61,100	43,469	9,051	52,520	8,580
Equipment	125,000	57,110	20,829	77,939	47,061
Telecommunications services	690,600	287,529	330,930	618,459	72,141
Operation of automotive equipment	409,900	279,656	66,816	346,472	63,428
	<u>116,545,300</u>	<u>108,187,954</u>	<u>7,446,704</u>	<u>115,634,658</u>	<u>910,642</u>
Total General Revenue Fund	<u>129,007,300</u>	<u>117,311,902</u>	<u>9,083,837</u>	<u>126,395,739</u>	<u>2,611,561</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2009

For the Fourteen Months Ended August 31, 2009

<u>Public Acts 95-0734; 96-0004</u>	<u>Appropriations (Net After Transfers)</u>	<u>Expenditures Through June 30, 2009</u>	<u>Lapse Period Expenditures July 1 to August 31, 2009</u>	<u>Total Expenditures</u>	<u>Balances Lapsed</u>
REIMBURSEMENT AND EDUCATION FUND - 0523					
General Office:					
School district programs	\$ 5,000,000	\$ 1,948,717	\$ 49,011	\$ 1,997,728	\$ 3,002,272
Federal programs	3,000,000	1,153,206	641,535	1,794,741	1,205,259
Miscellaneous programs	5,000,000	3,146,670	818,799	3,965,469	1,034,531
Federal recovery and programs	1,000,000	-	-	-	1,000,000
Total Reimbursement and Education Fund	<u>14,000,000</u>	<u>6,248,593</u>	<u>1,509,345</u>	<u>7,757,938</u>	<u>6,242,062</u>
 TOTAL APPROPRIATED FUNDS	 <u>\$ 143,007,300</u>	 <u>\$ 123,560,495</u>	 <u>\$ 10,593,182</u>	 <u>\$ 134,153,677</u>	 <u>\$ 8,853,623</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, 2009.
Expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND
LAPSED BALANCES BY OBJECT - ALL FUNDS

For the Fiscal Years Ended June 30, 2010, 2009 and 2008

	Fiscal Year		
	2010	2009	2008
	P.A. 96-0042, 96-0046 & 96-0819	P.A. 95-0734 & 96-0004	P.A. 95-0348
ALL FUNDS			
Appropriations (Net after Transfers)	\$ 137,164,300	\$ 143,007,300	\$ 139,334,800
Expenditures			
Personal services	84,387,709	79,614,271	75,613,797
Retirement	174,782	16,569,597	12,431,132
Social security	6,228,768	5,891,075	5,584,721
Group insurance	123,052	122,057	135,740
Contractual services	23,966,723	26,892,527	26,258,560
Travel	75,063	88,044	96,439
Travel and allowances for committed, paroled, and discharge prisoners	18,450	22,962	17,549
Commodities	3,290,181	3,562,357	3,495,686
Equipment	927,601	176,019	109,720
Electronic data processing	19,034	8,566	37,860
Telecommunications services	376,824	646,376	412,747
Operation of automotive equipment	392,872	352,914	393,178
Lump sums and other purposes	180,983	126,904	3,623
Awards and grants	18,155	45,629	46,312
Permanent improvements	-	-	335
Refunds	79,758	34,379	351,678
Total Expenditures	<u>120,259,955</u> ⁽¹⁾	<u>134,153,677</u>	<u>124,989,077</u>
Lapsed Balances	<u>\$ 16,904,345</u> ⁽¹⁾	<u>\$ 8,853,623</u>	<u>\$ 14,345,723</u>

⁽¹⁾ Approximate lapse period expenditures for fiscal year 2010 do not include interest payments by the Department and submitted to the Comptroller for payment after August.

Note: The comparative schedule of expenditures by object code does not include State Officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2010 and 2009, State Officers' salaries were as follows. For the year ended June 30, 2008, 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.

	2010	2009	2008
Director	\$ 120,325	\$ 92,551	\$ -

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

COMPARATIVE SCHEDULE OF EXPENDITURES BY YOUTH CENTER - ALL FUNDS

For the Fiscal Years Ended June 30, 2010, 2009, and 2008

	Fiscal Year		
	2010	2009	2008
	P.A. 96-0042, 96-0046 & 96-0819	P.A. 95-0734 & 96-0004	P.A. 95-0348
YOUTH CENTER:			
Chicago	\$ 8,239,437	\$ 8,829,409	\$ 8,117,774
Harrisburg	19,129,035	21,592,512	20,560,502
Joliet	17,247,067	19,020,664	17,364,081
Kewanee	17,391,078	19,552,954	18,013,880
Murphysboro	8,827,842	10,047,110	9,601,945
Pere Marquette	3,860,115	4,186,541	3,932,934
St. Charles	20,406,237	23,193,544	21,621,539
Warrenville	8,329,066	9,211,924	8,368,209
Total	<u>\$ 103,429,877</u>	<u>\$ 115,634,658</u>	<u>\$ 107,580,864</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
SCHEDULE OF LOCALLY HELD FUNDS

For the Years Ended June 30

	<u>2009</u>	<u>2010</u>
<u>Juvenile Justice Commissary Fund - 1394</u>		
Beginning Balance	\$ 2,853	\$ 3,208
Receipts	80,296	65,508
Disbursements	<u>(79,941)</u>	<u>(65,057)</u>
Ending Balance	<u>\$ 3,208</u>	<u>\$ 3,659</u>
<u>Juvenile Justice Benefit Fund - 1395</u>		
Beginning Balance	\$ 177,366	\$ 179,221
Receipts	443,068	434,461
Disbursements	<u>(441,213)</u>	<u>(491,839)</u>
Ending Balance	<u>\$ 179,221</u>	<u>\$ 121,843</u>
<u>Juvenile Justice Inmate Trust Fund - 1396</u>		
Beginning Balance	\$ 88,640	\$ 43,964
Receipts	582,155	512,450
Disbursements	<u>(626,831)</u>	<u>(516,329)</u>
Ending Balance	<u>\$ 43,964</u>	<u>\$ 40,085</u>

Note: This schedule is presented on the cash basis of accounting.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
COMPLIANCE EXAMINATION

SCHEDULE OF CHANGES IN STATE PROPERTY

For the Fiscal Years Ended June 30, 2009 and 2010

NOT EXAMINED

	Equipment	Land and Land Improvements	Buildings	Site Improvements	Capital Lease Equipment	Total
Balance at July 1, 2008	\$ 12,094,945	\$ 1,910,375	\$ 178,573,153	\$ 8,612,525	\$ 50,180	\$ 201,241,178
Additions	256,173	-	2,946	-	-	259,119
Deletions	252,017	-	8,100	-	-	260,117
Net Transfers	(286,395)	-	2,348,216	-	-	2,061,821
Balance at June 30, 2009	<u>\$ 11,812,706</u>	<u>\$ 1,910,375</u>	<u>\$ 180,916,215</u>	<u>\$ 8,612,525</u>	<u>\$ 50,180</u>	<u>\$ 203,302,001</u>
			-			
Balance at July 1, 2009	\$ 11,812,706	\$ 1,910,375	\$ 180,916,215	\$ 8,612,525	\$ 50,180	\$ 203,302,001
Additions	168,834	-	710,131	188	-	879,153
Deletions	88,807	-	195,446	-	-	284,253
Net Transfers	(92,829)	-	201,748	36,784	-	145,703
Balance at June 30, 2010	<u>\$ 11,799,904</u>	<u>\$ 1,910,375</u>	<u>\$ 181,632,648</u>	<u>\$ 8,649,497</u>	<u>\$ 50,180</u>	<u>\$ 204,042,604</u>

Note: As indicated in Finding 10-02, the Department could not provide transaction details for the amounts comprising its Agency Report of State Property Forms (C-15) for fiscal years 2009 and 2010. 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 the Department did not maintain these property reports for every month of the examination period. Because of these weaknesses, this schedule is not examined.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

COMPARATIVE SCHEDULE OF CASH RECEIPTS

For Fiscal Years Ended June 30, 2010, 2009 and 2008

	2010	2009	2008
<u>Fund 0001 - General Revenue Fund</u>			
Illinois Youth Centers:			
Jury duty	\$ 220	\$ 6,263	\$ 17
Dormant trust accounts	6,674	23,141	3,009
Park Vending Resident Fund	223	5,189	-
Purchase of temporary IDs	-	-	55
Contraband money	246	5	18,953
Lost badges	-	-	4,338
General Office	28	-	-
Employee purchase of coat	105	-	-
Subpoena fee	3,736	-	-
Chit replacement	74	-	-
Miscellaneous	-	-	3,264
Prior year refunds	863	10,231	230
	12,169	44,829	29,866
Total - Fund 0001			
<u>Fund 0523 - Department of Corrections Reimbursement Fund</u>			
General Office:			
Illinois Criminal Justice Information Authority	920,366	880,529	1,683,650
Illinois State Board of Education	3,854,216	3,846,080	5,281,217
General Revenue Fund	528,126	467,709	648,551
Illinois Department of Human Services	236,800	151,200	49,200
Private organizations	-	224,744	7,872
Illinois Violence Prevention Authority	-	-	5,975
U.S. Department of Labor	-	124,740	376,684
U.S. Department of Justice	346,149	252,237	-
Reimbursement - library card copies	1,511	-	-
Reimbursement - other inmate cost recoveries	41,276	-	-
Profit - inmate commissary sales	50,466	-	-
Federal Stimulus Package	391,205	-	-
Prior year refunds	2,096	-	25,370
	6,372,211	5,947,239	8,078,519
Total - Fund 0523			
Total All Funds	\$ 6,384,380	\$ 5,992,068	\$ 8,108,385

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE
COMPLIANCE EXAMINATION

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

For the Fiscal Years Ended June 30, 2010 and 2009

	Fund 0001 General Revenue Fund	Fund 0523 Department of Corrections Reimbursement Fund	Total
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<u>Fiscal Year 2010</u>			
Receipts per Department records	\$ 12,169	\$ 6,372,211	\$ 6,384,380
Deposits in-transit to the State Comptroller:			
Beginning of year	-	-	-
End of year	<u>17</u>	<u>14,703</u>	<u>14,720</u>
Deposits recorded by the State Comptroller	<u>\$ 12,186</u>	<u>\$ 6,386,914</u>	<u>\$ 6,399,100</u>
 <u>Fiscal Year 2009</u>			
Receipts per Department records	\$ 44,829	\$ 5,947,239	\$ 5,992,068
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>\$ 44,829</u>	<u>\$ 5,947,239</u>	<u>\$ 5,992,068</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Two Years Ended June 30, 2010

The Department of Juvenile Justice's (Department) explanations for significant fluctuations in expenditures in excess of 20% and \$100,000 as presented in the Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Object – All Funds is detailed below.

Retirement

Retirement expenditures increased \$4,138,465 or 33% in fiscal year 2009 due to an increase in the percentage the Department was required to contribute. In fiscal year 2008, the Department was required to contribute 16.6% for each employee. This amount was increased to 21% in fiscal year 2009. In fiscal year 2010, there was a decrease of \$16,394,815 or 99% due to no General Revenue Fund retirement expenditures made by the agencies as retirement was funded out of the statewide continuing appropriation through proceeds from the sale of bonds.

Equipment

Equipment expenditure increased by \$751,582 or 427% in fiscal year 2010 due to vehicles being purchased with ARRA funds for the Aftercare Agents for approximately \$198,000. There were also multiple vehicles purchases at the institution level. In addition, there was close to \$300,000 in computers and related items purchased for use within the School District.

Telecommunications services

Telecommunications services expenditures increased \$233,629 or 57% in fiscal year 2009 due to the Department paying the backlog of Central Management Services Communications Revolving Fund invoices from prior years. The Department paid prior year and current year invoices in fiscal year 2009. In turn, this caused a decrease in fiscal year 2010 expenditures of \$269,552 or 42% due to the Department being current on telecommunications payments during the fiscal year.

Lump sums and other purposes

Lump sums and other purposes expenditures increased \$123,281 or 3,403% in fiscal year 2009 due to an increase in of prompt payment interest paid during fiscal year 2009 due to the State's continued deteriorating cash flow.

Refunds

Refunds decreased \$317,299 or 90% in fiscal year 2009. This decrease can be attributed to a \$330,000 refund for the Juvenile Job Preparation program under the federal grant appropriation that occurred in fiscal year 2008 and did not occur again in the fiscal year 2009.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

For the Two Years Ended June 30, 2010

The Department of Juvenile Justice's (Department) explanations for significant fluctuations in receipts in excess of 20% and \$100,000 as presented in the Comparative Schedule of Cash Receipts is detailed below.

Department of Corrections Reimbursement Fund - 0523

Receipts from the Illinois Criminal Justice Information Authority decreased from fiscal year 2008 to fiscal year 2009 by \$803,121 or 48%. The Department received less funding from the grantor for fiscal year 2009 as a result of the federal program, VOITIS ending. The ending of the VOITIS program at the federal level resulted in less pass through funds and therefore a reduction in the receipts received.

Receipts from the Illinois State Board of Education decreased from fiscal year 2008 to fiscal year 2009 by \$1,435,137 or 27%. The decrease is due to the Department receiving less funding from the grantor due to the federal and state governments ability to issue grant awards. The grant awards were decreased in allowance for the upcoming fiscal year 2010 ARRA grant awards from the federal government.

In fiscal year 2009, there was a decrease in receipts from the General Revenue Fund from fiscal year 2008 of \$180,842 or 28%. The General Revenue Fund receipts for Juvenile Justice consist of receipts from CTEI Juvenile and Personnel Reimbursement. The Department received less funds from the grantor based upon the federal and state governments ability to issue grant awards. The grant awards were decreased in allowance for the upcoming fiscal year 2010 ARRA grant awards from the federal government.

Illinois Department of Human Services receipts increased by \$102,000 or 207% from fiscal year 2008 to fiscal year 2009. The Department received more grant funds from the agency in order to continue and enhance the programs funded with grants.

Receipts from private organizations increased from fiscal year 2008 to fiscal year 2009 by \$216,872 or 2,755%. From fiscal year 2009 to fiscal year 2010, there was a decrease of \$224,744 or 100%. Private organization receipts are based upon actual checks received for various reasons. The refunds are cyclical in nature and solely dependent upon actual receipts. Changes in receipts would therefore, vary by year based upon the nature of the actual physical receipt of the check.

U.S. Department of Labor receipts decreased by \$251,944 or 67% from fiscal year 2008 to fiscal year 2009 and decreased \$124,740 or 100% from fiscal year 2009 to 2010. These decreases can be attributed due to the fact that the program grant from the Department of Labor was eliminated and the funding stopped by the federal government. The Department did not receive further funding.

U.S. Department of Justice receipts increased \$252,237 or 100% from fiscal year 2008 to fiscal year 2009. The increase is due to the receipts for the grant "Prisoner Reentry Initiative Demonstration" (Offender Reentry).

In fiscal year 2010, there was an increase in receipts for the Federal Stimulus Package from fiscal year 2009 of \$391,205 or 100%. This increase is due solely to the initiation of the Federal Stimulus program in the State of Illinois.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Fiscal Years Ended June 30, 2010 and 2009

The Department of Juvenile Justice’s (Department) explanations for significant lapse period expenditures in excess of 20% of total expenditures and \$100,000 for fiscal years 2009 and 2010 presented in the Schedule of Appropriations, Expenditures and Lapsed Balances is detailed below.

Fiscal Year 2010

Fund, Fund Number, and Explanation	Total Expenditures	Lapse Period Expenditures	Percent
------------------------------------	--------------------	---------------------------	---------

General Revenue Fund – 0001

General Office

Operational expenses, awards, grants and permanent improvements	\$ 255,163	\$ 124,020	49%
This is due to a majority of the invoices being received June 29, 2010 or later, comprised of vouchers for repair and maintenance and Statewide Hospitalization services expenditures. There was also \$21,988 of the lapse period spending listed that was actually vouchered on June 30, 2010, but not paid until the lapse period.			

Governor’s Discretionary Appropriation

Governor’s Discretionary Appropriation	\$ 2,172,156	\$ 898,816	41%
These funds were used to cover the last three pay periods at IYC St. Charles. One of the pay periods covered was the final June pay period, which is processed during the lapse period.			

Reimbursement and Education Fund – 0523

Statewide Services and Grants

School district program expenses	\$ 1,314,350	\$ 375,661	29%
This is due to a majority of invoices being received either after June 16, 2010 or during the lapse period, including \$154,282 in payroll for the period June 16, 2010 through June 30, 2010.			
Federal programs	\$ 1,240,907	\$ 277,658	22%
This is due to a majority of the invoices being received either after June 22, 2010 or during the lapse period.			

Federal Stimulus - ARRA

Federal recovery and programs	\$ 521,596	\$ 322,007	62%
-------------------------------	------------	------------	-----

This is due to a majority of the invoices being received during the lapse period. There was also \$29,672 in expenditures included in the lapse period spending which was vouchered on June 29, 2010.

Fiscal Year 2009

<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

Electronic data processing	\$ 703,400	\$ 644,776	92%
----------------------------	------------	------------	-----

The Department was billed in total for fiscal year 2009 EDP costs at the Concordia Court location which was paid during the lapse period.

After Care Services

Contractual services	\$ 1,119,456	\$ 353,487	32%
----------------------	--------------	------------	-----

With the exception of one invoice which was received in April 2009, the remaining invoices were received on June 24 or during lapse period.

Illinois Youth Centers

Continuing appropriation for State contributions to Employees' retirement system

	\$ 2,596,176	\$ 838,754	32%
--	--------------	------------	-----

This appropriation line was not utilized until the regular retirement appropriation line was expended. As such, this expenditure was for the last payroll period to occur during the fiscal year. The payroll period covered June 16, 2009 through June 30, 2009. As a result, the payroll voucher is not processed until lapse period.

Telecommunications services	\$ 618,459	\$ 330,930	54%
-----------------------------	------------	------------	-----

This is due to invoices being received either during the last week of June or during the lapse period. The majority of these were Communications Revolving Fund bills.

Reimbursement and Education Fund – 0523

General Office

Federal programs	\$ 1,794,741	\$ 641,535	36%
------------------	--------------	------------	-----

This is due to all invoices, with the exception of five invoices totaling \$80,484, that had invoice receipts dates between March 23 and June 2, 2009, being received either during the last half of June or during the lapse period.

Miscellaneous programs	\$ 3,965,469	\$ 818,799	21%
------------------------	--------------	------------	-----

This is due to all invoices being received either during the lapse period or after June 24, 2009, including \$410,699 in payroll for the period June 16, 2009 through June 30, 2009.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF ACCOUNTS RECEIVABLE

For the Fiscal Years Ended June 30, 2010 and 2009

Accounts receivable for the Department consist primarily of receivables from federal and State grant reimbursements and formula payments due from grantor agencies. The principal grantor agencies are other State agencies; therefore, the Department's receivables are all considered fully collectible.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the Fiscal Years Ended June 30, 2010 and 2009

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. This agreement is effective until the Department can perform these functions separately.

Executive order 10-05, issued April 1, 2010 ordered commissioning a plan for integrating the Department into the Department of Children and Family Services (DCFS). The order called for collaboration of departments to develop an Integration Plan to bring the two departments together. Throughout the examination period, 19 committees were active in contributing to the Integration Plan. The Plan has not been fully developed, and the merger has not yet occurred.

Kurt Friedenauer was the Acting Director through September 2008, after which time he was appointed Director on September 24, 2008. He served in this capacity during the examination period. Arthur Bishop was appointed Acting Director on July 16, 2010 and was confirmed Director on August 1, 2010. The Director's office is at 707 N. 15th Street, Springfield, IL 62702.

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

Security Level	Center Name
Maximum	IYC Joliet IYC Warrenville
Medium	IYC Chicago IYC Kewanee IYC St. Charles
Multiple	IYC Harrisburg
Minimum	IYC Murphysboro (Boot Camp) 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.

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. The Department has 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, 2010 and 2009

The following table, prepared from Department records, presents the average number of employees for the fiscal years ended June 30, 2010 and 2009.

<u>Division</u>	<u>Fiscal Year</u>	
	<u>2010</u>	<u>2009</u>
General Office	2	1
School District	121	103
After Care Services	1	1
 <u>Youth Centers</u>		
Chicago	73	71
Harrisburg	211	215
Joliet	186	168
Kewanee	179	176
Murphysboro	103	107
Pere Marquette	37	37
St. Charles	203	198
Warrenville	<u>88</u>	<u>76</u>
Total average full-time employees	<u><u>1,204</u></u>	<u><u>1,153</u></u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

AVERAGE NUMBER OF EMPLOYEES - Continued

For the Fiscal Years Ended June 30, 2010 and 2009

The following table, prepared from Department records, presents the average number of Juvenile Justice Specialists for the fiscal years ended June 30, 2010 and 2009. These totals are included in the total average full-time employees on the previous page.

<u>Youth Centers</u>	<u>Fiscal Year</u>	
	<u>2010</u>	<u>2009</u>
Chicago	48	52
Harrisburg	148	153
Joliet	110	127
Kewanee	105	114
Murphysboro	65	66
Pere Marquette	14	18
St. Charles	113	118
Warrenville	<u>36</u>	<u>46</u>
Total average Juvenile Justice Specialists	<u>639</u>	<u>694</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF EMPLOYEE OVERTIME

For the Fiscal Years Ended June 30, 2010 and 2009

(Not Examined)

Certain employees are eligible for overtime if the hours worked during the day exceed the employees standard work hours. Correctional Officers receive 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 2010 and 2009.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANALYSIS OF EMPLOYEE OVERTIME
(Not Examined)

For the Fiscal Years Ended June 30, 2010 and 2009

2010						
Division	Overtime Hours Paid	\$ Value of Overtime Hours Paid	Compensatory Hours Used	\$ Value of Compensatory Hours Used	Total Overtime & Compensatory Hours	Total \$ Value of Overtime & Compensatory Hours
General Office	-	\$ -	-	\$ -	-	\$ -
School District	108	3,781	-	-	108	3,781
After Care Services	30	1,869	4	156	34	2,025
IYC Chicago	4,312	188,567	3,082	97,548	7,394	286,115
IYC Harrisburg	10,544	473,545	9,943	314,265	20,487	787,810
IYC Joliet	31,668	1,391,636	18,229	538,534	49,897	1,930,170
IYC Kewanee	4,483	197,991	5,269	161,055	9,752	359,046
IYC Murphysboro	1,814	90,085	3,595	125,112	5,409	215,197
IYC Pere Marquette	3,682	176,018	3,877	142,142	7,559	318,160
IYC St. Charles	21,136	925,732	5,376	164,709	26,512	1,090,441
IYC Warrenville	6,324	280,423	3,584	110,236	9,908	390,659
TOTAL	84,101	\$ 3,729,647	52,959	\$ 1,653,757	137,060	\$ 5,383,404

2009						
Division	Overtime Hours Paid	\$ Value of Overtime Hours Paid	Compensatory Hours Used	\$ Value of Compensatory Hours Used	Total Overtime & Compensatory Hours	Total \$ Value of Overtime & Compensatory Hours
General Office	-	\$ -	-	\$ -	-	\$ -
School District	2	130	-	-	2	130
After Care Services	-	-	-	-	-	-
IYC Chicago	6,652	280,189	3,740	113,556	10,392	393,745
IYC Harrisburg	9,857	414,760	9,976	295,564	19,833	710,324
IYC Joliet	45,131	1,883,762	22,014	622,290	67,145	2,506,052
IYC Kewanee	17,791	718,857	6,048	169,032	23,839	887,889
IYC Murphysboro	1,943	94,574	4,240	140,696	6,183	235,270
IYC Pere Marquette	4,679	187,161	1,127	41,979	5,806	229,140
IYC St. Charles	39,335	1,653,430	6,918	195,288	46,253	1,848,718
IYC Warrenville	20,511	897,529	2,552	76,841	23,063	974,370
TOTAL	145,901	\$ 6,130,392	56,615	\$ 1,655,246	202,516	\$ 7,785,638

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

ANNUAL COST STATISTICS
(Not Examined)

For the Fiscal Years Ended June 30, 2010 and 2009

	2010			2009		
	<u>Rated Capacity</u> <u>June 30, 2010</u>	<u>Average Daily</u> <u>Population</u>	<u>Average Yearly</u> <u>Cost per Resident ⁽¹⁾</u>	<u>Rated Capacity</u> <u>June 30, 2009</u>	<u>Average Daily</u> <u>Population</u>	<u>Average Yearly</u> <u>Cost per Resident ⁽¹⁾</u>
Illinois Youth Center ⁽²⁾ :						
IYC Chicago	130	71	\$ 115,831	130	83	\$ 106,378
IYC Harrisburg	276	276	69,321	276	323	66,850
IYC Joliet	344	227	76,050	344	231	82,341
IYC Murphysboro	156	62	142,342	156	66	152,229
IYC Kewanee	354	211	82,433	354	234	83,560
IYC Pere Marquette	68	18	215,750	68	18	232,583
IYC St. Charles	318	269	76,045	318	290	79,978
IYC Warrenville	108	58	144,150	108	84	109,665
Total	<u>1,754</u>	<u>1,192</u>	86,861	<u>1,754</u>	<u>1,329</u>	87,009
(Under)/over capacity		<u>(562)</u>			<u>(425)</u>	

⁽¹⁾ 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.

⁽²⁾ Source: Facility data provided by the Illinois Department of Juvenile Justice

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

NOTES TO ANNUAL COST STATISTICS
(Not Examined)

For the Fiscal Years Ended June 30, 2010 and 2009

The average daily population of Illinois Youth Centers (IYC's) has decreased from 1,329 residents for fiscal year 2009 to 1,192 residents for fiscal year 2010. This represents a 10% resident decrease for fiscal year 2010. The rated capacity of IYC's at June 30, 2010 was 1,754 residents.

The average yearly cost per resident was \$87,009 and \$86,861 for fiscal years 2009 and 2010, respectively.

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

PARTICIPATING EDUCATIONAL INSTITUTIONS
SCHOOL DISTRICT #428
(Not Examined)

For the Fiscal Years Ended June 30, 2010 and 2009

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, 2009 and 2010

The Department reported the following emergency purchases to the Office of the Auditor General during fiscal years 2009 and 2010:

Description	Estimated Amount	Actual Amount
Fiscal Year 2009		
No emergency purchases in fiscal year 2009		
Fiscal Year 2010		
At IYC Murphysboro the hot water storage tank and heat exchanger is deteriorated and damaged beyond use. Current exchanger has been examined and deemed unsafe for use. Current exchanger is 26 years old and currently there is no hot water available to the dietary rendering dishwashing and cleaning unsafe and unsanitary. No backup system is available making replacement imperative.	\$ 34,750	\$ -
At IYC Murphysboro, the current network control system for the entire facility heating air set points and monitoring has failed and become non-operational. The current system is obsolete and must be completely replaced by current technology. The vendor attempted to rebuild the current system, but was unable to sustain operation.	-	64,668
Total fiscal year 2010	<u>\$ 34,750</u>	<u>\$ 64,668</u>

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

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

For the Fiscal Years Ended June 30, 2010 and 2009

Illinois Youth Center	Fiscal Year 2010	Fiscal Year 2009
IYC Chicago	3	1
IYC Harrisburg	12	12
IYC Joliet	6	13
IYC Kewanee	12	10
IYC Murphysboro	9	3
IYC Pere Marquette	-	1
IYC St. Charles	16	9
IYC Warrenville	13	15
Total	71	64

Source: Department of Corrections Planning and Research

STATE OF ILLINOIS
DEPARTMENT OF JUVENILE JUSTICE

SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Fiscal Years Ended June 30, 2009 and 2010
(Not Examined)

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.

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:**
- a. Develop and implement performance-based standards that are consistent with contemporary practices in the field of juvenile justice.
 - b. Implement a new Aftercare system that is designed to enhance the chances for success upon a youth's re-entry into the community.
 - c. Increase the number of educators throughout the system to meet the department's mandates to provide adequate educational services for all youth.
 - d. Hire and train new Juvenile Justice specialists personnel.

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

Statutory Authority: 730 ILCS 5

	<u>Fiscal Year 2008 Actual</u>	<u>Fiscal Year 2009 Actual</u>	<u>Fiscal Year 2010 Target /Projected</u>	<u>Fiscal Year 2010 Actual</u>	<u>Fiscal Year 2011 Target /Projected</u>
<u>Input Indicators</u>					
• Total expenditures – all sources (in thousands)	\$ 124,989.1	\$ 134,153.7	\$ 141,706.9	\$ 120,526.5	\$ 146,398.0
• Total expenditures – state appropriated funds (in thousands)	\$ 124,989.1	\$ 134,153.7	\$ 141,706.9	\$ 120,526.5	\$ 146,398.0
• Average monthly full-time equivalents	1,147.0	1,131.0	1,232.0	1,237.0	1,386.0
<u>Output Indicators</u>					
• Percentage of juveniles returned to youth centers within three years of release	55.4%	50.1%	42.9%	48.6%	47.1%
• Education spending per capita (in thousands)	\$ 4.3	\$ 6.3	\$ 8.3	\$ 8.0	\$ 11.7
• Aftercare services spending per capita (in thousands)	\$.1	\$ 1.1	\$ 2.1	\$ 1.4	\$ 5.9