

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Corrections
Two Years Ended June 30, 2014

622 Stratton Office Building
Springfield, Illinois 62706

REVIEW: 4446
DEPARTMENT OF CORRECTIONS
TWO YEARS ENDED JUNE 30, 2014

FINDINGS/RECOMMENDATIONS - 34

IMPLEMENTED - 20
ACCEPTED - 13
UNDER STUDY - 1

REPEATED RECOMMENDATIONS - 28

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 39

This review summarizes the auditors' report on the Department of Corrections. The report presented the department-wide financial audit for the year ended June 30, 2014 and compliance examination of the Department for the two years ended June 30, 2014, filed with the Legislative Audit Commission on April 30, 2015. The report was conducted in accordance with *Government Auditing Standards* and State law. The auditors stated the Department's financial statements presented fairly.

The mission of the Department of Corrections is to protect the public from criminal offenders through a system of incarceration and supervision which securely segregates offenders from society, assures offenders of their constitutional rights, and maintains programs to enhance the success of the offender's reentry into society.

The function of the General Office is to provide support services to all of the Department's facilities and divisions. This includes establishing and monitoring budget activities, capital planning, accounting services, and data processing. The General Office performs other functions necessary to meet the provisions of the Code and provides administrative services to the Department of Juvenile Justice as detailed in an interagency agreement.

Effective June 1, 2006, PA 94-0696 established the Department of Juvenile Justice. Effective July 1, 2006, the Department's School District was transferred to the Department of Juvenile Justice; however the Department of Corrections retained the Adult Education and Vocational Services.

The function of Adult Education is to provide academic and vocational training programs in the adult institutions and to enhance the quality and scope of education for inmates so they will be better motivated and better equipped to restore themselves to constructive law-abiding lives in the community.

The function of the Adult Transition Centers is to provide basic needs, custody, and program opportunities for adults sentenced by the Illinois courts. The Centers provide academic and

REVIEW: 4446

vocational programs, work experience, and participation in public service projects for residents who are making the transition from prison to free society.

The Department has four major programs: Bureau of Operations; Adult Institutions/Adult Transition Centers; Parole; and Program Services.

Salvador A. "Tony" Godinez was the Director of the Department during the audit period, serving from May 2, 2011 through March 2, 2015. Donald A. Stolworthy served as Director from March 16, 2015 until his resignation on May 22, 2015. Gladys Taylor served as Acting Director until August 14, 2015 when John R. Baldwin was appointed Director. Director Baldwin brings more than 35 years of overall experience to the position, and he previously served as Director of the Iowa Department of Corrections for eight years.

The number of employees at the years indicated was as follows:

	2014	2013	2012
General Office	240	227	241
Education Services	180	159	214
Statewide and Field Services	523	571	657
Correctional Centers (non-officers)	3,170	3,297	2,301
Correctional Centers (correctional officers)	7,492	7,692	7,689
TOTAL	11,605	11,946	11,102

Population and Average Cost Per Resident

Appendix A provides a summary of average populations and yearly cost per inmate for FY14 and FY13 at each of the 25 adult institutions and community correctional centers. According to statistics provided by the Department, the average daily population of adult institutions (maximum, medium, and minimum security) decreased from 48,038 in FY13 to 47,779 in FY14. The rated capacity of adult institutions at June 30, 2014 was 31,199, or 16,600 over rated capacity.

The average daily population at the Adult Transition Centers decreased from 543 in FY13 to 362 in FY14 primarily due to the closure of three of the five Centers. According to the report, the rated capacity for all institutions at June 30, 2014 was 31,949 and the average number of residents was 48,678.

On January 4, 2013, the Department closed Tamms Correctional Center, and the ATCs at Decatur, Southern Illinois and West Side. Dwight Correctional Center closed on March 26, 2013.

The Department also maintains work camps and impact incarceration camps (boot camps) at the following locations:

Work Camps

East Moline
Jacksonville (Greene County & Pittsfield)
Shawnee (Hardin County)
Southwestern
Vandalia
Western Illinois (Clayton)

Boot Camps

Vienna (Dixon Springs)
Pinckneyville (DuQuoin)

The average yearly cost per resident for adult institutions was approximately \$22,204 in FY14 and \$20,871 in FY13; and the average yearly cost per resident for Adult Transition Centers was \$17,098 in FY14 and \$19,030 in FY13. The total number of paid overtime hours and compensatory hours used in FY14 was 1.68 million at a cost of \$70.9 million. In FY13, paid overtime/compensatory hours were 1.86 million at a cost of \$72.7 million. Inmate assaults on staff numbered 578 in FY14 and 541 in FY13. There were 146 inmate assaults on staff at Pontiac in FY13.

Expenditures From Appropriations

The General Assembly appropriated a total of \$1,314,732,100 to the Department of Corrections in FY14. Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were \$1,305,092,729 in FY14 compared to \$1,197,029,509 in FY13, an increase of \$108 million, or 9%. Personal Services expenditures increased almost \$86.7 million in FY14 from FY13. Expenditures for awards and grants increased by \$14.3 million in FY14 primarily due to settlement payments of a claim that started in January 2014. Expenditures by the Correctional Centers were \$1.061 billion in FY14 compared to \$1.003 billion in FY13. Lapse period expenditures totaled about \$148.2 million for FY14, or 11.4% of total expenditures.

Cash Receipts

Appendix C contains a summary of cash receipts. Total cash receipts decreased from about \$30.9 million in FY13 to \$23.6 million in FY14. In FY13, \$7.6 million was placed in a Trust Fund for wage increases that were not paid. A similar situation did not occur in FY14.

State Property

Appendix D provides a summary of State property FY13-14. The balance at the end of FY14 for State property was \$1,745,821,651 compared to \$1,704,545,138 at the beginning of FY14. The increase in total property was due primarily to an increase in buildings. More than 83%, \$1.45 billion, of the Department's property is comprised of buildings.

Status of a Management Audit

The Program Audit from 2007 on Funding Provided by or Through the State to the Chicago Project for the CeaseFire Program contained three recommendations for the Department of Corrections concerning the following:

- Document the Department's funding agreement with UIC and improve monitoring of the agreement and the distribution of funds. (Recommendation #2)
- Develop quantifiable performance measures and define measures that accurately depict the effect of CeaseFire activity. Ensure the Chicago Projects documents the selection criteria used when deciding how to utilize funding. (Recommendation #7)
- Provide documentation to show how funding is to be used and whether any discretionary uses are allowed as per the written funding agreement. (Recommendation #9)

The auditors determined that the Department had implemented Recommendation #9 previously. Recommendation #2 is implemented and Recommendation #7 remains partially implemented.

Accountants' Findings and Recommendations

Condensed below are the 34 findings and recommendations included in the audit report. Of these, 28 repeat from prior audits. The following recommendations are classified on the basis of updated information provided by Ron Faith, Chief Internal Auditor, Department of Corrections, in a memo received on September 8, 2015 via electronic mail.

Accepted or Implemented

- 1. Outline and implement procedures to ensure GAAP Reporting Packages and financial statements are prepared in an accurate manner. Include internal reviews in those procedures as a method to identify and correct errors prior to the submission of financial information to the Illinois Office of the Comptroller and other external parties. (Repeated-2008)**

Finding: The Department of Correction's (Department) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller contained inaccuracies. These problems, if not detected and corrected, could materially misstate the Department's financial statements and negatively impact the financial statements prepared by the Illinois Office of the Comptroller.

Auditors noted the following errors in the FY14 GAAP reporting forms and financial statements:

REVIEW: 4446

- The Department's Automated Property Control System (APCS) contained errors in the accumulated depreciation balances as of FY14 for certain fully depreciated items totaling \$62,751,610 and depreciation expense totaling \$18,067,265. In addition, the depreciation reported in the financial statements for FY14 lacked one month's depreciation of approximately \$2,926,945.
- The Department did not properly report capitalized and non-capitalized transfers-in from the Capital Development Board (CDB) during the fiscal year. Transfers-in that met the capitalization threshold for capital assets totaling \$2,251,938 were not included in the capital assets balance and as capital transfers-in in the government-wide financial statements. Transfers-in for repairs and maintenance and for the Offender 360 project expenses totaling \$4,965,114 were not reported as expenses and transfers-in in the government-wide financial statements.

Department management indicated the financial reporting errors noted during the audit period were due to oversight in the compilation of capital asset information and an error within APCS where the maximum depreciable life was set up for 1,000 months. The system resets when the 1,000 month depreciation is reached and begins depreciating fully depreciated items again as if they were newly acquired. The Department has property items with depreciable life exceeding 1,000 months.

The exceptions noted materially misstated the Department's initially submitted financial statements and GAAP Package information to the Comptroller's office.

Response: Accepted. IL Department of Corrections (IDOC) will continue devoting the resources necessary to complete the GAAP reporting as required by taking all possible steps to ensure the GAAP Reporting Packages and financial statements are prepared in an accurate manner.

Updated Response: Implemented. The Department's Fiscal Accounting Compliance has implemented procedures and reviews to correct errors in GAAP and financial reporting.

2. Strengthen procedures over property and equipment to ensure accurate and timely recordkeeping and accountability for all State assets.

Incorporate internal review procedures within the financial accounting function that ensures the capital asset information is complete and properly recorded and accounted for to permit the preparation of reliable financial information and reports to the Illinois Office of the Comptroller. (Repeated-2008)

Finding: The Department did not maintain accurate and adequate property/fixed asset records and did not accurately record all capital asset information in its financial records.

The auditors identified the following errors and inadequacies in the Department's property/fixed asset recordkeeping process and reporting in the GAAP Packages:

Accepted or Implemented – continued

- For FY14, the accumulated depreciation balances for property items sampled that were already fully depreciated as of FY13 decreased by \$19,333,418. The Department investigated the items and identified that the maximum life was set up for 1,000 months in the Automated Property Control System (APCS). The system depreciates the items up to the estimated useful life of the property but once the 1,000 month is reached, the system begins to depreciate the item again as if newly acquired. The Department expanded the review of these errors and determined that the accumulated depreciation balances as of FY14 for the fully depreciated items totaling \$62,751,610 and depreciation expense totaling \$18,067,265 were understated.
- The APCS report used for FY14 lacked one month's depreciation and FY13 included an additional month of depreciation totaling approximately \$2,926,945.
- Some building improvement costs that were entered in APCS as part of the original building asset item and the depreciation was calculated from the acquisition date of the original item rather than being depreciated as a new asset or over the remaining useful life of the building.
- The Department did not include transfers-in from the Capital Development Board (CDB) in FY14 of \$2,251,938 and a transfers-in from FY13 of \$123,374 that met the capitalization threshold for capital assets in the SCO-538 capital assets balance. Auditors also noted that CDB completed transfers-in through March 31, 2014 totaling \$4,752,138, of which \$2,534,785 were from FY13, but were not timely recorded in the APCS.

The Department subsequently adjusted the financial statements and resubmitted the SCO-537/538 to correct the above errors.

In relation to detailed testing of State property items, the following exceptions were noted:

- At the Department's Concordia Court campus, auditors were unable to locate four of 60 items traced from the property listing to the item.
- Auditors were unable to locate two of 60 items that were traced from the item to the property listing.
- Three of 60 of the items had an incorrect location.
- During property testing of 60 deletions, one deleted item did not have proper authorization; one deleted item was still in the property listing; and one deleted item did not have supporting documents.

REVIEW: 4446

- During testing of 60 equipment vouchers, auditors identified 11 vouchers tested totaling \$61,147 for equipment items that were not included on the property control listing in the Department's APCS.

During the detailed testing of State property items in 25 Correctional Centers and four Adult Transition Centers, the following exceptions were noted:

- During the location testing, a total of 18 items were unable to be located in East Moline, Graham, Robinson, Sheridan, and Stateville Correctional Centers.
- The property listing was not updated for East Moline, Graham, Southwestern Illinois, Stateville, and Taylorville Correctional Centers. The property listing included commodities (items valued at \$100), deleted items, and missing items. The property listing excluded additions, transfers-in, and items that were scheduled to be transferred-out but were still on site. In addition, the auditors noted property items with incorrect location codes.
- Damaged goods, obsolete items, and surplus equipment were observed in East Moline, Shawnee, Sheridan, and Stateville Correctional Centers. In addition, 453 items totaling \$57,028, were assigned to four condemned buildings throughout the Stateville Correctional Center.
- Missing supporting documents and missing approvals on supporting documents were noted for deletions and transfers-in at Big Muddy River, East Moline, Graham, Lincoln, and Vienna Correctional Centers.
- Four property items were not tagged in East Moline and Vienna Correctional Centers.
- Improper access was available to APCS for a total of eight employees at Dixon, Sheridan and Stateville Correctional Centers.

The Department attributed the exceptions to human error, employee oversight, competing priorities, and inherent limitations of the Department's APCS.

The Department had property and equipment totaling approximately \$1.7 billion as reported on the Form C-15 at June 30, 2014 decentralized throughout the State.

Response: Accepted. IL Department of Corrections (IDOC) will continue devoting the resources necessary, within the limitations of the current technology and budget constraints of the existing Automated Property Control System (APCS), to ensure that capital asset information is properly recorded and maintained. Once the IDOC identified the APCS issue, the system was revised to ensure the accumulated depreciation and associated depreciation expenses were calculating correctly and the balances were tested to ensure accuracy. Fiscal Accounting Compliance also revised procedures to record CDB activity to ensure all information is captured and properly recorded within the financial statements.

Accepted or Implemented – continued

3. Improve centralized oversight function related to inventory to allow for improved controls. (Repeated-2008)

Finding: The Department failed to maintain adequate controls over its inventory. The inventory balance reported by the Department at June 30, 2014 totaled \$13.8 million, not including the inventory balance of the Department's Correctional Industries. Each Correctional Center maintained at least a portion of that inventory balance in the way of commodity and/or commissary inventory.

As part of performing the financial audit of the Department, auditors performed tests of commodity and/or commissary inventory at 10 of the Department's 25 Correctional Centers. The determination of those 10 Correctional Centers was made based upon an analysis of the Correctional Centers' inventory, capital assets, and locally held fund balances.

Auditors identified numerous exceptions and weaknesses related to the controls over commodity and commissary inventory operations. A summary of the exceptions identified are as follows:

- The inventory counts completed by Center personnel did not agree to the accounting records in The Inventory Management System (TIMS) or the Fund Accounting and Commissary Trading System (FACTS) due to errors in unit of measure and quantity, as well as errors in encoding in TIMS or FACTS for Graham, Shawnee, East Moline, Dixon, Stateville and Sheridan Correctional Centers. Auditors also observed that physical inventory count procedures at Stateville were not conducted systematically.
- Auditors identified access control weaknesses associated with TIMS at Jacksonville, Dixon and Stateville Correctional Centers. Retired employees and employees whose job responsibilities did not require access to the application were noted to have access to TIMS.
- Auditors noted weaknesses in segregation of duties for inventory procedures at Stateville Correctional Center.
- Inmate commissary inventory reports for FY13 were not generated by East Moline and Stateville Correctional Centers and the Inmate Commissary Inventory report for FY14 was not generated timely by Stateville Correctional Center to allow proper reconciliation with inventory counts and FACTS. In addition, auditors also found overstatements in inventory balances.
- Auditors noted stockpiling of inventory totaling \$97,771 and \$158,064 at Stateville Correctional Center in FY13 and FY14, respectively, and \$1,638 at Sheridan Correctional Center in FY14. Stockpiling is defined as maintaining a supply greater than the level needed for a twelve month period.
- Stateville Correctional Center made inventory adjustments in TIMS totaling a net increase amount of \$543,756 that were not adequately supported and properly approved. In addition, supports for two inventory receipts totaling \$7,060 were not provided.

REVIEW: 4446

The Department has established several Administrative Directives (A.D.'s) concerning inventory procedures and the above noted weaknesses. The Department indicated the exceptions noted were due to human error, employee oversight, competing priorities, and lack of staff.

Updated Response: Implemented. The Department worked with Center staff in maintaining and accounting for inventory with The Inventory Management System (TIMS) and Fund Accounting and Commissary Trading System (FACTS) and continues making improvements in the Department's centralized oversight function and the inventory accounting and maintenance within the Centers.

- 4. Remind Center staff of the requirements set forth within the Administrative Directives and statutes related to the operation and maintenance of the locally held funds. Consider presenting a training curriculum, which includes how to apply the Administrative Directives specific to the locally held funds, to assist in this endeavor. In addition, implement a plan to periodically perform internal audits of the locally held funds at the Centers. (Repeated-2008)**

Finding: The Department's Correctional Centers inadequately administered locally held (bank accounts) funds during the audit period.

Auditors performed tests of the locally held funds at the Department's 25 Correctional Centers. The specific locally held funds tested included the DOC Commissary Funds (Commissary Fund), DOC Resident's Trust Fund (Trust Fund), DOC Resident's and Employee's Benefit Fund (Resident Benefit Fund and Employee Benefit Fund), and Travel and Allowance Revolving Fund. Auditors identified several exceptions and weaknesses related to the controls over the Correctional Centers' locally held funds as follows:

- Centers could not provide minutes from the committee meetings or committee meeting minutes did not include approval of the expenditures for the Employee Benefit Fund at Centralia, Dixon, Stateville, and Vienna Correctional Centers.
- Adequate supporting documents were not maintained for Commissary Fund disbursements at Stateville Correctional Center.
- East Moline, Jacksonville, Stateville, Taylorville, and Vienna Correctional Centers did not properly perform monthly reconciliations on some of their locally held funds. Auditors noted reconciliations where deposits were marked as cleared when they had not yet cleared.
- Dixon Correctional Center failed to inter-fund cash transfer 40% of statutory profits from the Commissary Fund to the Employee Benefit Fund amounting to \$1,866 and \$5,954

Accepted or Implemented – continued

for fiscal years 2013 and 2014, respectively. The auditors noted the total amount due from the Commissary Fund to the Employee Benefit Fund at the Center was totaled \$13,162 at June 30, 2014. This accrual represents the total dollar value of statutory profits not transferred from the Commissary Fund to the Employee Benefit Fund at the Center during the past fiscal years.

- Stateville Correctional Center's due from the Commissary Fund to the Resident Benefit Fund totaled \$429,282 at June 30, 2014. This accrual represents the total dollar value of statutory profits not transferred from the Commissary Fund to the Resident Benefit Fund at the Center during the past fiscal years. The Center did not pay 16 of 24 transfers of profit to the Department's Reimbursement Fund (Fund 523) in a timely manner. The payments ranged from three to 248 days late.
- East Moline Correctional Center misstated the amount due to vendors in the Commissary Fund; errors in recording payables were noted in East Moline and Lincoln Correctional Centers in the Commissary Fund; and disbursements were erroneously recorded as accounts payable in Vienna Correctional Center for the Travel and Allowance Revolving Fund. In addition, Stateville Correctional Center was unable to provide supporting documentation for accounts payable for unpaid postage at June 30, 2013.
- East Moline and Vienna Correctional Centers did not properly accrue amounts owed and payable to Fund 523 from the Inmate Commissary Fund.
- East Moline, Graham, Hill, Lincoln, Robinson, Shawnee, Stateville, and Vienna Correctional Centers did not deposit locally held fund receipts timely.
- Stateville Correctional Center did not properly sign the Monies Received List indicating the batches were in balance for the Trust Fund.
- Weaknesses in segregation of duties were noted as follows:
 - Signature cards were not updated with proper signature authority with the financial institution. The only signatures noted on file were of inactive employees. This exception was noted in Stateville Correctional Center.
 - The same employee was responsible for performing the bank reconciliation and approving the bank reconciliation. This exception was noted in East Moline, Graham, and Vienna Correctional Centers.
 - The same employee was responsible for the monthly bank reconciliations and was the custodian of cash. This exception was noted in Hill and Stateville Correctional Centers.
- Disbursements were not supported by documentation to substantiate a proper disbursement. These were noted in Dixon, East Moline, Jacksonville, Stateville, and Vienna Correctional Centers for Employee Benefit Fund disbursements; in East Moline, Lincoln, and Vienna Correctional Centers for Commissary Fund; Graham and Stateville

REVIEW: 4446

Correctional Centers for Trust Fund; and Vienna and Stateville Correctional Centers for Travel and Allowance Revolving Fund.

- East Moline, Jacksonville, Lawrence, Southwestern Illinois, and Vienna Correctional Centers failed to perform monthly cash reviews for 35 of 144 (24%) months during the audit period for the Commissary Fund.
- Stateville Correctional Center did not properly review the Statement of Release Money forms for three of 10 (30%) instances.
- Auditors noted the following reports were not properly approved:
 - Statements of Operations for the Employee Benefit Fund and Commissary Fund in East Moline, Lincoln, and Vienna Correctional Centers; and the Trust Fund for East Moline Correctional Center.
 - Inventory Sales Reports for the Commissary Fund in East Moline, Lincoln, Southwestern Illinois, and Vienna Correctional Centers.
 - Bank Reconciliations for the Employee Benefit Fund and Commissary Fund in East Moline and Vienna Correctional Centers; and for the Travel and Allowance Revolving Fund for East Moline Correctional Center.
- Hill, Lawrence, and Stateville Correctional Centers did not forward inmates' accounts payable balances upon transfer to another facility totaling \$22,852.
- Stateville Correctional Center did not have collateral at the bank for the bank balance amount over the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. The Center had two accounts for the Commissary Fund and the Travel and Allowance Revolving Fund at the bank at the end of fiscal year 2014, totaling \$282,720; however, the Center did not have collateral for the \$32,720 amount over the FDIC insurance limit.

The Department indicated the exceptions noted were due to employee oversight, human error, competing priorities, and staffing limitations at the correctional centers.

Updated Response: Implemented. The Department worked with Center staff on the requirements related to the operation and maintenance of locally held funds and continues recommending improvements in the centralized oversight and by maintaining the accuracy of locally held funds at the Centers. The IDOC reviewed directives related to locally held funds and is processing revisions as necessary. In addition, Fiscal Accounting Compliance is reviewing and revising the FACTS manual. Fiscal staff continues to conduct monthly conference calls with business office staff to discuss relevant issues and concerns to assist in communicating proper procedures and ensuring understanding among staff.

Accepted or Implemented – continued

5. Implement and document the controls over computing environment and ensure the controls provide sufficient protection. (Repeated-2012)

Finding: The Department had not implemented or documented the controls over its computing environment to ensure the controls provide sufficient protection.

In order to meet its mission of “protecting the public from criminal offenders”, the Department utilizes a myriad of computer systems such as the Offender Tracking, Fund Accounting and Commissary Trading Systems and Accounting Information System. The Department utilizes these systems to track offender’s location, information, and maintain accounting of offender’s finances.

As part of the auditors standard audit procedures, policies, procedures, recovery plans, and various logs are requested from the Department in order to determine the controls over the computing environment. However, the Department was either unable to provide or did not maintain such information.

The Department’s inability to provide detailed information prevented the auditors from performing required tests to determine the adequacy of the control environment. For example, the auditors were unable to determine the effectiveness of controls over changes to applications or computer security controls.

The Department indicated the exceptions were due to employee oversight in the implementation and documentation of controls for the mentioned computer systems and functions.

Updated Response: Accepted. The Department has recently filled the Chief Information Officer position and will continue working to ensure IT internal controls over its computing environment are implemented and documented to provide for sufficient protection.

6. Ensure that audits of all major systems of internal accounting and administrative control are conducted at least once every two years as required by law. Further, develop an effective process to identify new major computer systems or major modifications of existing computer systems. (Repeated-2012)

Finding: The Department’s Office of Internal Audit did not comply with the Fiscal Control and Internal Auditing Act. During FY13 and FY14, the Office of Internal Audit did not complete audits of all the Department’s major systems of internal accounting and administrative control.

Department officials acknowledge they did not comply fully with the Act. In addition, there were limited internal audit resources and considerable time was spent coordinating the external

REVIEW: 4446

financial and compliance audit. Department management stated the Department did develop a comprehensive plan for the audits to provide adequate coverage under the Act.

Response: Accepted. IL Department of Corrections (IDOC) will make every effort, including, but not limited to, posting of positions in an effort to hire qualified staff and engaging in field visits and training, to ensure the necessary resources are put in place within the Office of Internal Audit and the Department to comply with the Fiscal Control and Internal Auditing Act.

Updated Response: Implemented. The Department has, and continues to, acquire resources within the Office of Internal Audit in order to comply with all applicable statutes.

7. Allocate sufficient resources to comply with the Department's Administrative Directive to document and ensure employees receive the required training to enable them to perform their specific job duties. (Repeated-2000)

Finding: The Department is not properly documenting the completion of all employees minimum required number of training hours.

During testing of the Department's training records for FY13 and FY14, auditors noted nine of 60 employees tested did not meet the yearly training requirements governed by the administrative directive of 16 hours per year for clerical and support staff and 40 hours each year for all other employees.

Department management indicated the lack of adequate documentation for training at various facilities for the current engagement was due to a failure to appropriately document training hours (such as on the job training) and a failure to follow-up to ensure sufficient training hours are provided and attended during the year.

Response: Accepted. The Department will make every effort to ensure compliance with training requirements. Direction was sent to all facilities from the Deputy Chief of Operations to adhere to A.D. 03.03.102. The Department has also evaluated the current training tracking system, Pathlore, and will be taking steps to procure an update to modernize its functionality.

Updated Response: Implemented. The Department is complying with training requirements and documenting required training for all employees.

8. Follow the Personnel Rules and Administrative Directive and hold management accountable for completing and documenting employee performance evaluations on a timely basis. (Repeated-2006)

Finding: The Department did not conduct performance evaluations in a timely manner. During testing, auditors noted the following exceptions:

Accepted or Implemented – continued

- Six of 60 employees tested did not have an annual performance evaluation completed in FY13.
- Five of 60 employees tested did not have an annual performance evaluation completed in FY14.
- Three of 60 employees tested did not sign his/her performance evaluation timely, ranging from four to six months after evaluation end date.

Department management indicated the performance evaluations were not conducted in a timely manner due to staffing constraints, vacancies, retirements, oversight, and lack of adequate follow-up.

Updated Response: Implemented. The Department has implemented a process for management staff which emphasizes the importance of completing and documenting employee performance evaluations on a timely basis.

9. Implement controls to ensure cash receipts and refunds are deposited timely. Additionally, implement controls to ensure Receipt Deposit Transmittals are submitted to the Comptroller in a timely manner upon receipt of the completed draft from the Treasurer. (Repeated-2008)

Finding: 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 receipts testing the auditors identified the following exceptions:

- 49 of 178 receipt checks tested, totaling \$137,596, were not deposited within the 15 day extended due date. The checks were deposited from 1 to 288 days late.
- 14 of 60 Receipt Deposit Transmittals and Treasurer's drafts tested, totaling \$76,458, were not submitted to the Comptroller until after 37 to 394 days from deposit date.

During testing of refunds the auditors noted the following exceptions:

- 42 of 57 (74%) Electronic Data Transmittals (EDT) tested, totaling \$40,458, were processed untimely, ranging from 2 to 301 days after the original warrant date.

Department management indicated the failure to deposit receipts and refunds timely, and submit Receipts Deposit Transmittals to the Illinois Office of the Comptroller in a timely manner was due to human error and employee oversight.

Updated Response: Implemented. The Department has re-emphasized the importance of ensuring receipts and refunds are processed timely and accurately and that source documentation is properly maintained and submitted to management staff.

10. 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 actions be taken 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 form from each employee allowed "personal use" of a State vehicle to ensure proper records for the reporting of fringe benefits. (Repeated-2000)

Finding: The Department had several weaknesses regarding the reporting of vehicle accidents, vehicle maintenance records, reporting the value of the "personal use" of State vehicles and annual certifications of license and vehicle liability coverage.

Auditors noted accidents involving State/Department vehicles were not properly reported, and Department employees were not ensuring vehicles personally assigned to them were adequately maintained. 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 personal use of State vehicles may not be properly recorded. Finally, the annual certification of license and vehicle liability coverage was not completed timely.

During the testing of vehicle accidents, auditors noted the following exceptions:

- Three of 60 vehicle accident reports were not documented properly.
- Twenty of 57 reported vehicle accidents were not submitted timely, ranging from 1 to 41 days late.

An analysis of this issue from the last six audits is summarized in the following table:

Two Years Ending	Number of Exceptions	Sample Size	% of Exceptions	Range of Days Late
June 30, 2004	13	25	52%	2 to 279
June 30, 2006	14	25	56%	1 to 49
June 30, 2008	14	34	41%	1 to 146
June 30, 2010	35	60	58%	1 to 593
June 30, 2012	11	60	18%	1 to 70
June 30, 2014	20	60	35%	1 to 41

Accepted or Implemented – continued

During the testing of vehicle inspections, auditors noted the following exceptions:

- One of 60 vehicles tested did not undergo an annual inspection. Seventeen of 60 vehicles tested did not receive a tire rotation every two oil changes. Twenty of 60 vehicles tested received an oil change past the allotted mileage and/or months before a required oil change.

An analysis of the inadequate oil change issue for the last seven audits 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, 2002	11	25	44%	615 to 28,783
June 30, 2004	5	25	20%	1,227 to 7,514
June 30, 2006	21	25	84%	Unavailable
June 30, 2008	15	25	60%	Unavailable
June 30, 2010	37	45	82%	1,800 to 22,933
June 30, 2012	38	54	70%	1,046 to 17,970
June 30, 2014	20	60	33%	340 to 18,915

During the testing of personal use of State vehicles, auditors noted the following exceptions:

- Twelve of 60 employees tested were missing the Annual Tax exempt/non-exempt Form and the Determination of Value of Personal Use of State Vehicle Form. One of 60 employees tested was misclassified as non-exempt. For 12 of 60 employees tested, auditors were not able to trace the fringe benefits to employee payroll records. One of 60 employees tested did not have an annual insurance certification.

Department management indicated the exceptions were due to conflicting priorities, employee oversight, and lack of resources to replace the fleet management system.

Updated Response: Accepted. The Department has reminded employees of all the requirements regarding the operation of State vehicles and has increased the oversight to ensure future compliance.

11. Develop a mechanism to ensure required reports are prepared on a timely basis and submitted to the required parties in accordance with State statute. (Repeated-2004)

Finding: The Department either did not submit or did not submit timely certain required reports to the Governor and the General Assembly.

REVIEW: 4446

The Department failed to submit the FY14 annual report to the Governor and General Assembly. In addition, the FY13 annual report was not mailed to the Governor's Office and Intergovernmental Relations until November 19, 2014. The annual report contains information concerning persons committed to the Department, its institutions, facilities and programs of all moneys expended and received and on what accounts expended and received. The annual report shall include ethnic and racial background data, not identifiable to an individual, of all persons committed to the Department, its institutions, facilities and programs.

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

Updated Response: Implemented. The Department has made every effort to file the required reports/plans timely and as indicated. Also, legislation has been enacted to eliminate particular reports/plans that are no longer applicable and/or relevant.

12. Perform an analysis of food service at all ATCs to ensure the following:

- **Establish a system to determine in advance how many residents will be present for a meal as a means to base the number of meals the contractor should prepare and provide;**
- **Sufficient, but not excessive food is served at each meal; and**
- **Controls are established to ensure the State pays only for the meals served by the contractor, and does not pay for meals not provided. (Repeated-2008)**

Finding: The Department is not fully utilizing the meals purchased under a food services contract. During testing, auditors determined that there were significant weaknesses in the food service contracts for Fox Valley and Peoria Adult Transition Centers (ATC). The contract allows the vendor to bill the Department for three meals per day, per resident head count for the day, regardless of how many meals are actually prepared and served. This resulted in the ATCs being billed for 377,055 more meals than were actually prepared and served at a cost of \$564,474 to the Department.

Department management indicated that the ATCs are monitoring the actual meals served. However, the contract is written to ensure an adequate number of meals is served for all the residents at the facility on that given day. The residents may choose not to eat a breakfast or to eat lunch/dinner while at work and not take a bag lunch. These instances cannot be predetermined and it results in the variance between meals billed and meals served.

Updated Response: Implemented. The Department competitively procured a new food contract that went into place October 1, 2014. The contract included language indicating compensation is to be based on actual usage and be verified by automated meal scanner reports on a weekly basis at Fox Valley ATC and Peoria ATC. The meals provided

REVIEW: 4446

at North Lawndale and Crossroads ATCs were included within the contracted services provided with the vendor and were not billed or procured separately.

Accepted or Implemented – continued**13. Properly manage the addiction recovery services and comply with the State mandate. (Repeated-2010)**

Finding: The Department did not properly manage the addiction recovery services as required by the Unified Code of Corrections (Code). Center auditors identified the following deficiencies in testing the addiction recovery services provided regarding volunteers:

- All four volunteer applications tested at Centralia Correctional Center were not reviewed timely during FY13 and FY14, ranging from 5 to 21 days late. Department management stated this was due to employee oversight.
- One of two records of the administration of a tuberculosis test for volunteers tested was not properly maintained in Western Illinois Correctional Center. Department management stated this was due to employee oversight.

Center auditors identified the following deficiencies in testing the addiction recovery services provided regarding attendance records:

- Danville, Graham, and Lincoln Correctional Centers were unable to provide attendance records for addiction recovery meetings tested. Department management stated the sign-in sheets were misplaced in Danville Correctional Center. Department management stated that the temporarily assigned employee in Graham Correctional Center was not aware the sign-in sheets needed to be kept on file. Department management stated that the records in Lincoln Correctional Center were transferred to another facility during the Center's transition from a female to a male facility. The receiving facility was contacted about the records but the records could not be located.
- Hill and Robinson Correctional Centers did not maintain attendance documentation each for one of two addiction recovery meetings. Department management stated that this was due to employee oversight in Hill Correctional Center, while Robinson Correctional Center stated that they only maintain the attendance sheets for two years.
- Meetings held at Illinois River, Shawnee, Sheridan, and Stateville exceeded the statutory limit of 40 attendees per meeting to attend addiction recovery meetings. The attendees exceeding the statutory limit ranged from one to 27. Department management stated the exceptions noted were due to oversight.

Updated Response: Implemented. The Department has communicated to Center staff that addiction recovery services are to be provided as required by statute.

14. Implement a process to inform and document convicted arsonists who are going to reside, be employed, or attend school within the City of Chicago, of their duty

to register upon their discharge, parole or release in accordance with the Arsonist Registration Act or seek legislative remedy to revise the mandate. (Repeated-2006)

Finding: The Department had not implemented a process to inform and document convicted arsonists who are going to reside, be employed, or attend school within the City of Chicago, of their duty to register upon their discharge, parole or release.

Department management stated they were waiting on the Statewide implementation by the Illinois State Police before developing policies and procedures under this Act.

Updated Response: Accepted. The Department has started the process to ensure compliance with the Department's responsibilities regarding the Arsonist Registration Act.

15. Monitor the use of leave time being used on the same day as overtime is worked and comply with the training manual by not allowing employees to work overtime on the same day that a full day of leave time is also used.

Finding: In a review of timesheets, auditors noted that Department employees used leave time (i.e., sick, vacation, personal leave, and accumulated holiday time) for their regular shift, but then worked another shift at the overtime rate the same day. While there may be instances where this would be a needed solution to a difficult staff coverage scenario, it could be a sign of abuse of overtime and may be against Department policy.

According to data provided by the Department, for FY14 there was a total of 1,009,115 hours of overtime paid at a cost of \$49,119,780.

Auditors judgmentally selected 10 employees at Logan Correctional Center with the highest amount of overtime pay and 10 employees at Stateville Correctional Center (the five employees with the highest amount of overtime pay and the five employees with the highest amount of compensatory time pay). In a review of the 20 employee timesheets for FY14, ten employees had used a full day of leave time at least once during the fiscal year on the same day that they had worked overtime. For the 20 employees reviewed, auditors identified a total of 57 instances during FY14 in which employees used a full day of leave time (7.5 hours) the same day that they also worked overtime. An employee at Stateville Correctional Center used leave time the same day in which they worked an overtime shift on 19 different occasions during FY14. An employee at Logan Correctional Center used leave time the same day in which they worked an overtime shift on 13 different occasions during FY14.

The Department's Overtime Equalization Training Manual requires the Department to not consider employees on benefit time for Master Overtime Equalization if the overtime is occurring during the time of the employee's absence.

Also, in June 2013 emails, Department officials discussed the issue of employees using benefit time the same day that overtime was worked. The email stated that more than one

facility is paying benefit time and giving volunteer overtime to the same individual during the same day. An email memorandum was sent on behalf of the Department's Chief of

Accepted or Implemented – continued

Operations on June 24, 2013, to the facility wardens asking them to ensure that employees are not working overtime during the same day/period of time that they are off on any benefit time.

Auditors requested any union agreements that allow overtime pay on the same day that leave time is taken; however, the Department could not provide any.

Updated Response: Accepted. The Department will make every effort, contingent on limitations of current technology and budgetary constraints, to ensure employee overtime worked complies with the Department's Overtime Equalization Training Manual by not allowing employees to work overtime the same day leave time is used.

16. Strengthen controls over timekeeping and payment of overtime and compensatory time by:

- **Maintaining proper documentation to support all overtime paid to employees;**
- **Ensuring that overtime and compensatory time are not paid without proper approval; and**
- **Ensuring that overtime and compensatory time hours are paid and accrued in accordance with the union agreements.**

Finding: The Department did not always maintain documentation to support overtime paid to employees. In addition, auditors identified errors in the overtime pay.

Auditors reviewed FY14 overtime payments for 20 employees for selected months. Auditors judgmentally selected 10 employees at Logan Correctional Center with the highest amount of overtime pay and 10 employees at Stateville Correctional Center (the five employees with the highest amount of overtime pay and the five employees with the highest amount of compensatory time pay). All of the timekeeping for payroll for employees at Logan Correctional Center and Stateville Correctional Center are completed manually.

Timekeeping and payroll paperwork at Stateville Correctional Center was in disarray. There is no filing system for overtime slips, Notice of Absence slips, Daily Roll Call or Attendance sheets, and Payroll Time Reports. Many times auditors were unable to find documentation to support the overtime or compensatory time paid. Over half of all overtime hours tested for Stateville Correctional Center employees lacked sufficient documentation of time worked or documentation of approval of the overtime paid. For 10 Stateville Correctional Center employees, auditors tested one month (June 2014) and identified 411.75 hours of

REVIEW: 4446

undocumented or unapproved overtime, which accounted for 56% of the overtime paid for the 10 Stateville employees in the sample for that single month. For 10 Logan Correctional Center employees auditors tested two months of overtime (July 2013 and May 2014) and identified 118.25 hours of undocumented or unapproved overtime out of a total of 1,572 hours of overtime tested or 8%.

At Stateville Correctional Center there is a lack of personnel in key timekeeping and payroll positions. The Timekeeping Supervisor is a security employee (a shift supervisor) that has been temporarily assigned to this position. According to officials another employee in payroll was reassigned from the Warden's Office. There was no full time Business Manager and a new Business Administrator started the first day auditors were on site (January 5, 2015).

Logan Correctional Center overpaid employees for overtime and compensatory time. A standard work shift is 7.5 hours not including a half hour unpaid lunch and a roll-call period of 15 minutes. If an employee stands roll-call or works through their lunch, these are paid separately from the employee's regular pay. Compensatory time and overtime at Logan Correctional Center were being accrued and paid at 8 or 8.25 hours per shift instead of 7.5 hours as is required by union contract. Therefore, for each overtime shift worked and for every shift worked for compensatory time, employees were being compensated an extra .5 to .75 hours. For the 10 Logan Correctional Center employees tested for the months of July 2013 and May 2014, auditors identified 79.5 hours of overpayment for overtime.

At Logan Correctional Center, employees have been overpaid for full shifts in regards to overtime and compensatory time at the facility for the audit period. The Warden and Business Administrator at Logan Correctional Center, who had both been there approximately one year at the time of our testing, stated that this is how Logan Correctional Center had been processing time accrued and time charged for years (at least 10 years). According to Logan Correctional Center officials, they have changed the hours accrued so that on a go forward basis employees will accrue and use compensatory time at 7.5 hours per shift. In addition, overtime will not be paid for the .5 hour lunch as has been done for many years. The Warden estimated that it may be costing approximately \$130,000 per year for this mistake. By taking the total hours of overtime and compensatory time for Logan Correctional Center (115,212 hours) for FY14 and the total paid for these hours (\$4,969,394), auditors obtained an average hourly wage rate of \$43.13 per hour. Because some overtime shifts were less than 8 hours, and other shifts were greater than 8 hours, it is difficult to provide an accurate estimate of the cost of this error. However, if all shifts were paid at 8 hours, the overpayment would be over \$300,000 for FY14.

Auditors also noted errors in timekeeping documentation which often led to errors in payroll. Because timekeeping for payroll is completed manually for employees at Logan Correctional Center and Stateville Correctional Center, the payment of overtime and accrual of compensatory time are prone to errors and are not always accurate.

Response: Accepted. IL Department of Corrections (IDOC) will make every effort to ensure proper documentation is maintained to support all employees overtime worked, ensure employee overtime and compensatory time are not paid without proper approval, and ensure employee overtime and compensatory time hours are paid and accrued in

accordance with union agreements. The Department has expressed this issue as a strong need during the statewide ERP working group meetings and presentations. Without a statewide IT solution to complement the training of staff, the Department is severely

Accepted or Implemented – continued

handicapped in their ability to accurately report and track the timekeeping of well over ten thousand employees.

17. Develop and implement disaster recovery and business continuity plans which reflect the Department's environment and align with management's intentions. (Repeated-2012)

Finding: The Department had not developed a disaster recovery plan. Additionally, comprehensive disaster recovery testing had not been conducted.

The Department carries out its mission through the use of Information Technology, on both mainframes and local area networks (LAN).

The Department was unable to produce a disaster recovery plan upon request. According to Department management, they are in the process of defining a plan. As part of a multi-agency recovery test performed in September 2013, the Department tested the Offender Tracking and the Juvenile Tracking Systems. However, the Department was unable to provide documentation related to the recovery testing conducted.

Department officials stated that the exceptions noted were due to understaffing that has led to non-completion of a comprehensive disaster recovery plan and non-documentation of the results of recovery testing for both mainframe and LAN-based systems.

Updated Response: Accepted. The Department has recently filled the Chief Information Officer position and will be in the process of updating the disaster recovery plan to reflect the current computing environment and will test the plan on at least an annual basis.

18. Implement controls to ensure expenditures are properly documented and reviewed.

Finding: The Department did not have controls in place to ensure fiscal requirements were controlled and documented. In order to meet the statutory requirements of Public Act 097-0697, managing the awarding of sentence credits to eligible offenders, the Department embarked on a development project, Offender 360, in June 2010.

Auditors requested documentation related to the procurement, budget, expenditures and funding source of the Offender 360 project. As a result of this request, the Department provided documentation; however, the supporting documentation provided to the auditors

REVIEW: 4446

did not pertain to the numerous requests. As such, the auditors were unable to perform detailed auditing procedures in order to determine the adequacy of controls over the Offender 360 project.

In addition, the auditors obtained documentation from the Department of Central Management Services (DCMS) in an attempt to garner some evidentiary support of the procurement, budget, expenditures and funding source of the Offender 360 project. Of the information that was obtained, auditors noted the following:

- The Master Contract or the Work Orders did not indicate the fee associated with the services to be provided.
- The Department provided seven invoices dating from May 29, 2013 through March 31, 2014, totaling \$5.3 million. A review of the invoices noted:
 - The invoices' description of services stated the services were for support or online licenses. However, the Department did not provide documentation as to the type of support provided or the number of licenses purchased.
 - The invoices did not document management's review and approval of the expenditure.
 - The invoices could not be tied to a Work Order to ensure payment was for services as outlined in the Work Order.

Furthermore, the Department was unable to provide documentation as to the total cost of the project. Per the auditor's review of the Office of the Comptroller records, the Department has paid approximately \$13.7 million to various vendors.

Additionally, the Capital Development Board (CDB) was responsible for vendor payments for the Offender 360 project from the Capital Development Fund. According to information obtained from CDB, the Offender 360 project had total expenditures of \$10.1 million for FY13 and FY14 with \$7 million being paid from the Capital Development Fund. From review of this information auditors tested 11 invoices totaling \$6.4 million and noted:

- Invoices were not provided to the Department for approval and verification of services. The invoices were emailed from the vendor directly to CDB.
- As a result of the lack of approval, auditors could not determine if the vouchers were timely submitted to the Office of the Comptroller for payment. Auditors were able to determine vouchers were submitted for payment 48 to 179 days after the vendor invoice date.

Updated Response: Implemented. The Department's Chief Financial Officer has verified the invoices with the Capital Development Board (CDB). Also, the Department has recently filled the Chief Information Officer position and will be in the process of implementing controls to ensure expenditures are properly documented and reviewed.

19. Either comply with the requirements as outlined in the Code or seek legislative modification to permit the maintenance of other legal documentation as

**substitution for such record of access to the inmates' master record file.
(Repeated-2010)**

Accepted or Implemented – continued

Finding: The Department failed to establish a mechanism to track access to inmate master files in the manner required by the Unified Code of Corrections (Code).

Center auditors noted exceptions to the Code at Graham, Lincoln, Sheridan, and Stateville Correctional Centers because the Correctional Centers had not established a mechanism to track access to inmate master files, including detailing the information outlined in the Code. This is a repeat finding for Sheridan and Graham Correctional Center. Sheridan Correctional Center utilizes individual sign-out cards, but does not record access as required by the Code.

Center management stated that errors were due to human error and completing other priorities. Sheridan Correctional Center stated no mechanism was established because no outside persons, except for the auditors of the Office of the Auditor General, are allowed to access an inmate master file. In addition, each inmate file contains an internal sign-out card.

Updated Response: Implemented. The Department has followed up with Record Office staff to use and maintain a record at each facility which tracks the access and copies made of inmate master files as required.

**20. Comply with the requirements for issuing temporary identification cards.
(Repeated-2012)**

Finding: The Department did not comply with requirements for issuing temporary identification cards. Center auditors noted the following weaknesses in the Department's compliance with this statute:

- Shawnee and Vienna Correctional Centers did not maintain documentation that required supporting documents were verified prior to issuing temporary identification cards in one of two instances and one of seven instances, respectively.
- Lincoln and Shawnee Correctional Centers failed in one of five instances and one of two instances, respectively, to provide support stating inmates were informed that they may present the identification card to the Office of the Secretary of State upon application for a standard Illinois Identification Card.
- Department management indicated the exceptions were due in part to employee oversight and difference in understanding of what documentation is to be kept in the inmate master file.

REVIEW: 4446

- East Moline Correctional Center was unable to provide a listing of inmates who were on parole, mandatory supervised release, final discharge, or pardon who were provided with a temporary identification card at the time of their release.

Center personnel stated the Center has a policy in place where a voucher is issued in the business office from the inmate request, the information is passed to the Bureau of Identification office for verification of payment and the State ID is then issued.

Response: Accepted. IL Department of Corrections (IDOC) will make every effort to maintain supporting documents that inmates were informed, listing of temporary identification cards issued, and verification of supporting documents before issuance. The Department will also examine current pre-release checklist policies and the process of documentation of inmate receipt of the orientation manual to determine if modification is needed.

Updated Response: Implemented. The Department has communicated the necessity to comply with the requirements for issuing temporary identification cards.

21. Properly conduct metal detector searches of inmates who are assigned to mechanical areas where tools and metals are present, in accordance with the Department's Administrative Directive.

Finding: The Department failed to properly conduct metal detector searches of inmates.

Center auditors noted in Logan and Shawnee Correctional Centers when inmates assigned to mechanical areas where tools and metal are present were not subjected to searches with metal detectors upon exiting the area. Department management stated the exceptions noted were due to oversight.

Response: Accepted. IL Department of Corrections (IDOC) will make every effort to ensure searches of inmates are being performed per the Department's Administrative Directive. To that measure, the Department will identify any needs for acquisition of additional pass-through or handheld metal detector equipment and is also planning a system-wide security check in which this issue will be tested among other potential vulnerabilities.

Updated Response: Implemented. The Department distributed a memorandum to all centers from the Chief of Operations to adhere to A.D. 05.01.113 –Searches of Inmates.

22. Maintain adequate records indicating each inmate understands the grievance procedures as well as adequate grievance records in compliance with the Code. (Repeated-2012)

Finding: The Department failed to preserve records of grievances and decisions made with respect to the grievances as required by statute.

Center auditors noted for two of 10 grievances tested at Logan Correctional Center, documentation of the grievance itself and any decision made with respect to the grievance was not maintained by the Center for a period of one year. Danville Correctional Center was **Accepted or Implemented – continued**

unable to provide a complete listing of filed grievances; January 2013 and September 2013 were not available for review. Upon testing at Danville, two of 10 grievances tested were not maintained in the inmate master file.

Department management stated that the exceptions noted in the Danville Correctional Center were due to employee oversight while for Logan Correctional Center, one of the forms was mailed to the inmate and the other form was not received from the officer.

Updated Response: Implemented. The Department has reminded management staff to maintain adequate inmate grievance records as well as appropriate documentation indicating each inmate understands the Department's grievance procedures.

23. Ensure ATCs maintain records properly and comply with State mandates and Administrative Directives. (Repeated-1994)

Finding: The Department did not properly maintain records at the Adult Transition Centers (ATCs). During testing of four ATCs (Crossroads, Fox Valley, North Lawndale, and Peoria), auditors noted the following exceptions:

- At three ATCs, there were 10 instances that Resident Trust Fund checks were issued with one of the two required signatures missing.
- At three ATCs, there were 10 instances that stop payments were not issued for Resident Trust Fund checks that were outstanding for more than three months.
- At three ATCs, three of five adjusting entries in the Resident Trust Fund tested at Fox Valley were not adequately supported. In addition, supporting documents for adjusting entries were not maintained for Crossroads and North Lawndale.
- At Fox Valley ATC, two receipts were not deposited timely.
- At Fox Valley ATC, 10 resident master files tested that there were no monthly budgets established.
- At Fox Valley ATC, all 10 Resident Benefit Fund meetings tested were not adequately supported by meeting minutes. Also, two of 10 disbursements of the Employee Benefit Fund tested were not submitted and approved by the committee prior to payment. Lastly, one of 10 Employee Benefit Fund committee meeting minutes tested was missing one signature of approval.

Department management indicated the exceptions noted were due to inadequate staffing, lack of resources, inadequate communication, and central level oversight within the Department.

Updated Response: Implemented. The Adult Transition Centers have improved their accounting procedures and controls by following the Administrative Directives to properly authorize and process purchases and disbursements, maintain accurate property and equipment records and maintain all required forms.

24. Maintain adequate controls over voucher processing.

Finding: The Department did not maintain adequate controls over voucher processing. Auditors tested 720 vouchers totaling \$38,916,552 and noted the following:

- 190 of 720 vouchers tested totaling \$10,029,798 were approved for payment one to 209 days late.
- Eight of 60 travel vouchers totaling \$2,457 were not submitted timely, ranging from three to 55 days late.
- Ten of 60 equipment vouchers totaling \$48,058 which the Department purchased a total of 33 equipment items were not included in the Property Listing.

Updated Response: Implemented. The Department is maintaining adequate controls with voucher processing requirements.

25. Implement an automated timekeeping system. (Repeated-1998)

Finding: The Department payroll timekeeping system was not automated.

During the 2008 audit period, the Department's human resources responsibilities were consolidated with a number of other State agencies as part of the Public Safety Shared Services Center (PSSSC). The PSSSC was scheduled to create/implement an automated timekeeping system, but it was not created. As noted in previous audits, each Correctional Center continued to maintain a manual timekeeping system for several hundred employees. Correctional Center employees sign in and out, and these sheets are sent to the timekeeping clerk. Other information, including notification of absence and call-in reports, are also forwarded to timekeepers. No automation is involved except for processing of payroll warrants.

During the 2010 engagement, 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

REVIEW: 4446

expended \$1.6 million to the vendor for software licenses and hardware; parts of the hardware were provided by the vendor and distributed to the Correctional Centers during fiscal year 2010 and are in storage at the Correctional Centers.

Accepted or Implemented – continued

Response: Accepted. IL Department of Corrections (IDOC) 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.

Updated Response: Accepted/Under Study. The Department will participate in a new statewide system as it is developed and funding appropriated.

26. Finalize analysis and establish a written fraud prevention, deterrence and detection program. This program should include evaluating whether appropriate internal controls have been implemented in any areas identified as posing a higher risk of fraudulent activity, as well as controls over the financial reporting process. (Repeated-2012)

Finding: The Department did not have a formal fraud risk assessment program in place during the audit period. The Department relied on administrative directives and internal controls to minimize the risk of fraud occurring, but had not completed its analysis of the process to ensure a written fraud risk assessment is in place.

Department management stated it is aware of the need and is in the process of establishing a formal fraud risk assessment program.

Updated Response: Accepted. The Department is analyzing a process to ensure a formal fraud risk assessment is completed and appropriately acted upon.

27. Continue effort to review and update Administrative Directives to ensure they represent the most current, standardized practices of the Department. (Repeated-2008)

Finding: The Department has not updated completely its Administrative Directives (A.D.s) to reflect the operational changes that have occurred in previous years.

During testing, auditors noted that the Department had not updated all of its own 455 A.D.s, when changes occurred in its operation. In particular, some of the A.D.s refer to juvenile divisions even when the Department of Juvenile Justice was created in 2006 as a separate

State agency. The A.D.s have effective dates ranging from 1984 to 2014. Although the Department has revised, amended, and rescinded a total of 104 A.D.s (33 and 71 A.D.s during FY13 and FY14, respectively), the remaining 351 A.D.s need to be reviewed for determination

REVIEW: 4446

if those A.D.s need to be revised, amended, or rescinded to reflect current operations within the Department.

Department management stated the level of involvement of all personnel in the review process and the time it takes before any change is taken into effect prevented them from completing all changes necessary during the year.

Response: Accepted. IL Department of Corrections (IDOC) will continue its efforts with its funded resources for the review and update of the Administrative Directives as necessary. Changes have been made in the draft review process to expedite policy review and formation. Additionally, the Department has added two personnel to the policy writing and review division in the last two years to help with the demands of continuing policy review and modification.

Updated Response: Accepted. The Department is working towards a process to review and update Administrative Directives as necessary.

28. Establish procedures to timely investigate items not located during the annual physical inventory. Further, immediately assess if missing computers contained confidential information and take the necessary actions per the Department's policies and Personal Information Protection Act. (Repeated-2012)

Finding: The Department was not able to locate 401 computer items during its annual physical inventory in FY13 and FY14. These computers may have contained confidential information.

The Department conducts an annual physical inventory of all equipment with an acquisition cost of \$500 or more and annually reports its results to the Department of Central Management Services (DCMS). In its FY13 Physical Inventory Report submitted to DCMS, the Department reported it was unable to locate 909 items totaling \$1,486,888 of 96,130 items totaling \$212,779,781. In its FY14 Physical Inventory Report, the Department reported it was unable to locate 1,529 items totaling \$2,009,992 of 71,926 items totaling \$136,271,575.

Upon further inquiry with Department personnel, auditors noted 302 of 909 items not located in FY13 were computer inventory totaling \$126,530 and 99 of 1,529 items not located in FY14 were computer items totaling \$97,843.

Although the Department has established procedures regarding the proper storage of electronic data, there is a possibility that confidential or personal information could reside on these computers. The Department had not protected all its laptop computers with encryption software, thus increasing the risk that confidential or personal information would be exposed.

REVIEW: 4446

Department management stated the computers not located during the annual physical inventory may not necessarily be lost or stolen. Some of these computer items not located may have been transferred as surplus items and the related property transfer forms were not prepared, thus resulting in the discrepancy during the annual physical inventory. Department procedures require that if an item is lost or stolen, an incident report would be submitted by the individual and the related item will be taken off the Department's property

Accepted or Implemented – continued

listing. If an item is not located during the annual physical inventory, an investigation is allotted for six months to determine its location. At such time, a request for deletion will be submitted to Property Control, if deemed necessary.

Response: Accepted. IL Department of Corrections (IDOC) will make every effort to collaboratively work with CMS to ensure timely investigations are performed on items not located during annual inventory and make an assessment of those reconciled to determine whether missing computers, if any, contained confidential information.

Updated Response: Accepted. The Department has recently filled the Chief Information Officer position and will be in the process of working with the Department of Central Management Services in an effort to reconcile the missing computers as paperwork and computers are located.

29. Discontinue using the Inmates' Trust Fund or Inmates' Benefit Fund as a means to provide cash to pay for travel allowances for committed, paroled and discharged prisoners while waiting for reimbursement from the General Revenue Fund. Utilize the newly established Travel and Allowance Revolving Fund at the Correctional Centers to pay for inmate travel allowances and remind Correctional Center staff of the need to maintain good internal controls over any cash function. (Repeated-2008)

Finding: Each of the Department's Correctional Centers maintains a cash box which consists of cash from two sources. Cash is maintained in the cash box from the Inmates' Trust Fund to pay either all or a portion of an inmate's trust account upon their parole or release. In addition, cash is provided through a General Revenue Fund (GRF) appropriation to provide gate money and to purchase the inmate's transportation upon parole or release from a Correctional Center.

Center auditors noted the following exceptions with the operation of the Department "cash box" funds:

- East Moline Correctional Center has not maintained a schedule of expenditures from July 1, 2012 through June 30, 2014 for payment of travel allowances for offenders released to the community on parole or discharge.
- Jacksonville Correctional Center regularly utilized the Inmate Benefit Fund to purchase train and bus tickets for inmates upon their parole or discharge.

REVIEW: 4446

- Southwestern Correctional Center inappropriately used the Inmate Benefit Fund to supply funds for the cash box pending reimbursement from GRF for gate and transportation money.
- Stateville Correctional Center's Account Technician is assigned custody of the cash boxes and is also responsible for performing the periodic reconciliation of the cash boxes.
- Stateville Correctional Center's Travel and Allowance Fund received inappropriate loans of \$1,500 from the Inmate Trust Fund on March 22, 2013, and \$2,000 from the Inmate Commissary Fund on July 22, 2013.
- Stateville Correctional Center's Trust Fund had a cash box receivable of \$101,937 at June 30, 2013, and June 30, 2014, related to the Travel and Allowance prior to separating the funds in fiscal year 2013. Transactions for the receivables date as far back as September 2009.

The Department's Central Office identified:

- \$100,704 as Central Inmate Benefit Fund (CIBF) receivables because amounts have not been paid or amounts were not vouchered to the GRF in FY10/11 or amounts were vouchered incorrectly.
- \$1,233 which will be submitted to the Court of Claims for FY12 travel and allowance expenditures that were not vouchered during FY12.

Department management stated that the exceptions noted in the Centers were due to employee oversight, insufficient resources, and delay in funding the Travel and Allowance Revolving Fund.

Response: Accepted. IL Department of Corrections (IDOC) has established the Travel and Allowance Revolving Fund and is working towards full implementation at each Correctional Center. As of April 2015, no facility is utilizing the Inmate Benefit Fund to purchase train and bus tickets for inmates upon their parole or discharge.

Updated Response: Implemented. The Department has established and is using a locally held fund which has been named the Travel and Allowance Revolving Fund and has worked with the Centers for full implementation.

30. Comply with the Illinois Procurement Code. (Repeated-2006)

Finding: The Department did not timely publish procurement information and timely file required emergency purchase affidavits. During testing, auditors noted the following exceptions:

REVIEW: 4446

- Three of 58 emergency purchases totaling approximately \$498,769 were not published in the Procurement Bulletin within five days of the award as required by the Illinois Procurement Code. They were published from one to 27 days late.

Accepted or Implemented – continued

- Fourteen of 58 emergency purchases totaling approximately \$520,372 were not filed with the Auditor General timely within 10 days as established by statute. The emergency purchase affidavits were filed from one to 683 days late.

Department management stated the exceptions noted for the three emergency purchases not published timely were due to employee oversight. The exceptions noted for not filing 14 emergency purchases timely with the Auditor General were due to waiting for the originals which were being mailed from the Centers to the Agency Procurement Officer at Central Office who then mailed the original with cover letter to the Auditor General.

Updated Response: Implemented. The Department has contacted the Auditor General's office and updated DOC policy so that scanned copies will be sent within the allowable 10 day timeframe. Central Office staff is committed to close monitoring of emergency procurement timeliness and training of staff to ensure all necessary steps are taken in accordance with the procurement code.

- 31. Develop and implement a project management framework to ensure projects are appropriately managed and adequately monitored and documented. In addition, maintain documentation to support the vendor's compliance with contracts and Statements of Work requirements.**

Additionally, enter into a Service Level Agreement for the utilization of the vendor's cloud computing environment. Secure an agreement with financial terms and address key system attributes such as:

- **Security - The environment is protected against both physical and logical unauthorized access.**
- **Availability - The environment is available for operation and use as committed or agreed.**
- **Processing integrity - System processing is complete, accurate, timely and authorized.**
- **Confidentiality - Information designated as confidential is protected.**

Also, obtain or perform independent reviews of internal controls associated with outsourced environments at least annually. (Repeated-2012)

REVIEW: 4446

Finding: The Department did not have an adequate project management framework and had not ensured the development process over Offender 360 was properly controlled and documented.

In June 2010, the Department embarked on the development of Offender 360 to replace the Offender Tracking and Juvenile Tracking Systems. The Department stated the replacement of these mission critical systems was essential to meet the statutory requirements of Public Act 097-0697, managing the awarding of sentence credits to eligible offenders.

Per the Chief Information Officer, a project manager was not formally assigned and a project management framework was not utilized by the Department. Project management failures appeared to also lead to confusion regarding Offender 360 going into production.

- According to the Offender 360 Overview Executive Summary, Offender 360 was to be rolled out at the end of 2011. According to the Chief Information Officer on August 20, 2014, Offender 360 was not yet in production.

Furthermore, auditors noted the Department was placing data in the vendor's computing environment and planned to utilize the vendor's processing services for the production system; however, even though Offender 360 would contain confidential information, the Department did not have an agreement with the vendor that outlined the associated financial and security provisions. In addition, the Department was unable to provide any formal security reviews associated with the vendor's computing environment.

Due to the weaknesses noted and the lack of final documentation, the auditors were unable to determine the vendor's compliance with contractual requirements and the Department's review and approval of the vendor's work.

Response: Accepted. IL Department of Corrections (IDOC) will make every effort to ensure that the necessary staff and resources are in place to enable it to ensure appropriate project management frameworks are utilized to achieve project operational, financial, and timeline objectives. Additionally the Department will continue to work to ensure projects are properly managed, monitored, and documented. Also, the Department will make every effort to enter into a Service Level Agreement for the utilization of the vendor's cloud environment to address security, availability, processing integrity, and confidentiality.

Updated Response: Accepted. The Department has recently filled the Chief Information Officer position and is in the process of developing and implementing a project management framework, and system development standards which will adequately monitor and document the process.

32. Comply with the federal Fair Labor Standards Act of 1938 by not allowing employees to accrue more than 480 hours of compensatory time; comply with the union master agreement and track and pay compensatory time at the rate it was earned/accrued; and comply with the union master agreement by not allowing employees to carry compensatory time from the end of one fiscal year to the next.

Finding: The Department violated the federal Fair Labor Standards Act (FLSA) of 1938 for compensatory time accrual by allowing Department employees to accrue more than 480 hours of compensatory time during a one-year period.

Accepted or Implemented – continued

For two of 10 employees sampled at Stateville Correctional Center, auditors found FY14 payroll payments for compensatory time that exceeded more than 480 hours. These included:

- A Correctional Lieutenant was paid for 625.88 hours of compensatory time accrued. This accounted for \$28,171 of his \$33,973 bimonthly gross pay for the period June 16, 2014 through June 30, 2014.
- Another Correctional Lieutenant was paid for 560 hours of compensatory time accrued. This accounted for \$25,547 of his \$29,341 bimonthly gross pay for the period May 16, 2014 through May 31, 2014. Annual timesheets reviewed also showed that this employee had accrued 756 hours of compensatory time at the end of fiscal year 2013 and was over the 480 hour threshold for five consecutive months.

For one of 20 employees tested, the employee was allowed to carry 80.63 hours of compensatory time from the end of FY13 to the next fiscal year in violation of the union agreement. In addition, the Department does not have a centralized timekeeping system to track the hours of compensatory time that employees have accrued.

Department officials indicated the exceptions noted were due to oversight and insufficient resources.

Updated Response: Accepted. The Department will make every effort, contingent on limitations of current technology and budgetary constraints, to ensure compliance with the federal Fair Labor Standards Act of 1938 and with union master agreements by tracking and paying compensatory time at the rate it was earned when a centralized timekeeping and payroll system is implemented. Also, IDOC will make every effort to ensure employees do not carry over compensatory time from one fiscal year to the next. IDOC will do everything it can to procure an automated timekeeping system which would assist in the tracking and computation of time.

33. Transfer dormant accounts to the GRF as required by law and comply with the State mandate and Department Administrative Directives. (Repeated-2010)

Finding: The Department improperly offset DOC Resident's Trust Fund (Inmate Trust Fund) account balances available to the inmates against account balances due from the inmates and did not transfer the unclaimed account balances available to the inmates to the General Revenue Fund (GRF).

REVIEW: 4446

Center auditors noted that the following Centers did not transfer dormant account balances to the GRF due to the improper netting of dormant account balances available to the inmates with dormant account balances due from the inmates:

- At 06/30/13, Sheridan Correctional Center's dormant accounts with balances available to the inmates totaled \$8,755 and balances due from the inmates totaled \$12,585. The net of these two amounts was \$3,830 due from the inmates.
- At 06/30/14, Sheridan Correctional Center's dormant accounts with balances available to the inmates totaled \$11,171 and balances due from the inmates totaled \$12,703. The net of these two amounts was \$1,532 due from the inmates.
- At 06/30/14, Stateville Correctional Center's dormant accounts with balances available to the inmates totaled \$23,713 and balances due from the inmates totaled \$31,832. The net of these two amounts was \$8,119 due from the inmates.
- At 06/30/14, Lawrence Correctional Center's dormant accounts with balances available to the inmates totaled \$9,521 and balances due from the inmates totaled \$10,054. The net of these two amounts was \$533 due from the inmates.

In addition, Center auditors also noted the following exceptions while testing inmate cash balances:

- One dormant account, tested at Big Muddy River Correctional Center, with \$83 due from the inmate was not transferred to the Correctional Center where the inmate resided during testing.
- Three dormant accounts, tested at Lawrence Correctional Center, were not transferred to the Correctional Centers where the inmates resided during testing. Two of the three accounts noted had a total balance of \$9,827 available to the inmates while one had a balance of \$3,901 due from the inmate.
- One dormant account, tested at Lincoln Correctional Center, with \$2,345 due from the inmate was not transferred to the Correctional Center where the inmate resided during testing.
- Three dormant accounts, tested at Southwestern Illinois Correctional Center, with a total of \$13,900 due from the inmates were not transferred to the Correctional Centers where the inmates resided during testing.
- At 06/30/14, Lawrence Correctional Center auditors were not able to determine the date when the three inmates' account balances were added to the dormant account listing because the accounts had a status date of 1/1/1900.

Center management stated the exceptions noted were due to lack of resources and inadequate communication and guidance from the Department's Central Office.

Updated Response: Implemented. The Department's Fiscal Accounting Compliance unit has given direction to all facilities regarding the handling of these accounts.

34. Develop formal change management procedures to control all changes made to computer systems. The procedure should include at a minimum:

REVIEW: 4446

- **Documentation of the authorization of change by management,**
- **Testing and documentation requirements,**
- **User acceptance testing and approval,**

Accepted or Implemented – concluded

- **A mechanism to ensure changes are approved prior to being moved into production, and**
- **A mechanism to track all changes made to the Department's computer systems.**

In addition, restrict programmer access to all production programs and data. If programmer access is necessary in some situations, establish and enforce compensating controls to ensure appropriate management oversight and approval of changes. (Repeated-2012)

Finding: The Department continued to lack a process to control and manage changes to computer systems.

In the current examination, the auditors noted the Department had not developed a formal change management procedure or an effective mechanism to control changes. The Department management stated users requested changes to computer systems via Form DC622 and the Forms were to be logged on a tracking spreadsheet.

The auditors reviewed a sample of 15 DC622 Forms, noting a lack of detail of the change, approvals, user involvement, and testing. In addition, the sample DC622 Forms could not be traced to the tracking spreadsheet. During review of the spreadsheet, the auditors also noted it did not contain all changes to all of the Department's applications.

During the auditor's testing, it was also noted the Department's programmers had access to the production environment in order to complete changes.

Department management stated that the exceptions were due to oversight and understaffing.

Response: IL Department of Corrections (IDOC) will make every effort to develop a formal change management procedure to control all changes made to computer systems.

Updated Response: Accepted. The Department has recently filled the Chief Information Officer position and is in the process of developing and implementing a formal change-management procedure which will control all changes made to computer systems.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the State that the principles of competitive bidding and economical procurement practices shall

REVIEW: 4446

be applicable to all purchases and contracts...” The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State Property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than 3 business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file an affidavit with the Procurement Policy Board and the Auditor General. The affidavit is to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

Ninety-one emergency purchase affidavits were filed during FY13 totaling \$12,203,294.01 as follows:

- \$ 5,168,066.61 for equipment, repairs, supplies and materials;
- \$ 4,721,444.28 for food;
- \$ 2,218,553.53 for various services;
- \$ 61,479.09 for fuel;
- \$ 31,558.00 for software; and
- \$ 2,192.50 for security.

Forty emergency purchase affidavits were filed during FY14 totaling \$11,011,463.80 as follows:

- \$ 6,687,404.78 for various services;
- \$ 1,969,852.04 for food;
- \$ 1,648,406.58 for equipment, repairs, supplies and materials;
- \$ 701,705.40 for ammunition; and
- \$ 4,095.00 for security.

Headquarters Designations

REVIEW: 4446

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time. The Department of Corrections indicated as of July 14, 2014, the Department had 646 employees assigned to locations other than official headquarters.