

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Juvenile Justice
Two Years Ended June 30, 2016

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REVIEW: 4483
DEPARTMENT OF JUVENILE JUSTICE
TWO YEARS ENDED JUNE 30, 2016

FINDINGS/RECOMMENDATIONS - 17

IMPLEMENTED - 11
ACCEPTED - 6

REPEATED RECOMMENDATIONS - 10

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 16

This review summarizes the auditors' report on the Department of Juvenile Justice for the two years ended June 30, 2016, filed with the Legislative Audit Commission on May 25, 2017. The auditors performed a compliance examination in accordance with *Government Auditing Standards* and State law. PA 94-0696 which became effective July 1, 2006 established the Department of Juvenile Justice separate from the Department of Corrections. The law permitted the new Department to share certain administrative services with the Department of Corrections.

The mission of the Department of Juvenile Justice is to enhance public safety and positive youth outcomes by providing strength-based individualized services to youth in a safe learning and treatment environment so that they may successfully reintegrate into their communities. Programming services and activities provided to youth at the Youth Centers include clinical services, mental health services, substance abuse programs, leisure time activities, volunteer program, and chaplaincy services. The School District provides academic and vocational training programs to youth housed at Illinois Youth Centers (IYC's). Beginning in April 2015, the Aftercare Program took responsibility from DOC's parole officers for community supervision upon release of a youth. The Program provides case management services for the youth and their families. It provides an array of services for the youth from commitment to the Department through intake and assignment to a youth host facility to entry back into the community.

Candice Jones served as Director from July 1, 2014 until May 31, 2016, which includes most of the audit period. Jesse Montgomery served as Acting Director from June 1, 2016 through December 18, 2016. Heidi Mueller is the current Director, serving in that position since December 19, 2016. Director Mueller has worked for the Department since 2014. Previously she was the Executive Director of the Illinois Juvenile Justice Commission.

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

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	FY16	FY15	FY14
General Office	22	16	11
School District #428	95	86	79
After Care Services	68	66	39
Youth Centers	907	898	836
TOTAL	1,092	1,066	965

The value of overtime hours and compensatory hours paid department-wide was \$5.6 million in FY16 compared to \$4.94 million in FY15.

Population and Average Cost Per Resident

Appendix A provides a summary of average populations and yearly cost per youth for FY16 and FY15 at each of the Youth Centers. According to statistics provided by the Department, the average daily population of the Youth Centers was 541 in FY16 and 724 in FY15 compared to 847 in FY14. In FY16, Pere Marquette had the lowest average population with 27 youth, and St. Charles had the highest average population with 172 youth. The rated capacity for all Centers at June 30, 2016 was 1,458, so the Centers were under capacity by 917.

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

Maximum	IYC Warrenville (female)
Medium	IYC Chicago IYC St. Charles IYC Harrisburg IYC Warrenville IYC Kewanee
Minimum	IYC Pere Marquette

The average yearly cost per resident at the Youth Centers was \$198,701 in FY16 with a high at Warrenville of \$381,865 per youth compared to a low of \$150,129 per youth at Pere Marquette and \$151,802 at St. Charles. All facilities provided mental health services and substance abuse services for youth. IYC St. Charles and IYC Kewanee treated youth with chronic or acute mental health issues. Additionally, IYC Kewanee provided treatment for youth dually diagnosed with mental health and substance abuse issues. Kewanee also housed the treatment unit for youth adjudicated of sexual offenses. The recidivism rate (juveniles returned to youth centers within three years of release) was 58.7% in FY16 compared to 48.6% in FY14.

In FY16 there were 216 youth assaults on staff compared to 95 in FY14 and 67 in FY13. In FY16, the highest number of assaults on staff was committed at the St. Charles Youth Center (94 assaults) and at Kewanee Youth Center in FY15 (64 assaults).

Expenditures From Appropriations

During FY16, the Department operated without enacted appropriation until PA 99-0524 was signed into law on June 30, 2016. During the impasse, the State Comptroller was under court order to make all payments for services, all current programs, and all personnel at a level no less than FY15. During FY15 and FY16, thirty-one vendors submitted 161 invoices totaling \$2.4 million to the Vendor Payment Program. The Department incurred \$49,875 in prompt pay interest. No FY17 appropriations were needed to cover FY16 costs.

Appendix B summarizes appropriations and expenditures for the period under review. Total expenditures were \$120,305,809 in FY16 compared to \$120,796,761 in FY15, a decrease of \$490,952, or 0.4%. Expenditures at all Youth Centers totaled \$93.2 million in FY16 compared to \$94.7 million in FY15.

Lapse period expenditures totaled almost \$9.4 million for FY16, or 7.8% of total expenditures.

Cash Receipts

Appendix C contains a summary of cash receipts. Total cash receipts decreased from \$4.6 million in FY15 to \$3.5 million in FY16, principally due to a \$1 million decrease in funds from the ISBE due to the reimbursement schedule for grants and the end of the MacArthur Grant (Private Organizations or Individuals).

Property and Equipment

Appendix D provides a summary of property and equipment for FY15-16. The balance at the end of FY16 for property and equipment was \$203,871,929 compared to \$202,710,130 at the end of FY15.

Accountants' Findings and Recommendations

Condensed below are the 17 findings and recommendations, 10 repeated, included in the compliance examination. The following recommendations are classified on the basis of updated information provided by the Department of Juvenile Justice in a memo received on March 21, 2018 via electronic mail.

Accepted or Implemented

- 1. Accelerate efforts to segregate books and records from those of the Department of Corrections (DOC) to comply with the Code. Additionally, the Department should improve monitoring of the administrative services provided by DOC**

Accepted or Implemented – continued

**to ensure the Department's administrative responsibilities are being fulfilled.
(Repeated-2008)**

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

The Unified Code of Corrections (Code) created the Department of Juvenile Justice, effective June 1, 2006. The Code permitted the Department to share certain administrative services with the DOC or a shared service center. An interagency agreement between the Department and the DOC effective July 1, 2006, enumerated these services in a written document.

During the examination, auditors noted instances where the Department's activities should have been segregated from those of DOC but were not because of the longstanding relationship with DOC and overextension of the interagency agreement.

- The Department places an overreliance on DOC's property record system. The auditors noted several issues with the preparation for the changeover, the maintenance of capital assets during the changeover, and the Department's access to the new system (see Finding 2016-003 for a full description of the issues related to the system changeover).
- While the Department has made progress towards updating the Administrative Directives (AD) established by DOC to be specific to the DJJ's unique purpose and mission, 260 of 440 (59%) ADs have effective dates prior to the establishment of DJJ.
- The Department did not adequately monitor the administrative services provided by the DOC.
- The Department was using real property where it was not a party to the written agreement.
- The Joliet Youth Center had significant improvements being made for the benefit and use of DOC, but still owned by DJJ.

During the previous examination, the Department stated the issues noted were due to competing priorities and resource constraints. During the current examination, the Department stated the ongoing issues were due to the same factors.

Response: Accepted. The Department is working to update the Shared Services agreement with the DOC, secure adequate funding to hire personnel capable of providing adequate oversight, and ensure separation of duties where and when appropriate. Furthermore, as appropriate, the Department will work to properly document the transition of certain property if the policy decisions of the State warrant such action. The Department

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would like to point out that fiscal limitations and the implementation of the budget have a direct impact on the Department's ability to fully segregate from the DOC and establish itself as a standalone agency.

Updated Response: Accepted and partially implemented. DJJ has hired its own CFO who began in March to assist with further segregation of duties from DOC and better internal oversight of fiscal and property controls.

2. Take action to strengthen controls over maintaining, recording, and reporting State property and equipment by reviewing inventory and recordkeeping practices to ensure compliance with State laws and regulations. Further, ensure all equipment is accurately and timely recorded on property records. (Repeated-2008)

Finding: The Department did not exercise adequate controls over maintaining, recording, and reporting its State property and equipment. The auditors noted many issues during testing. Some of the more significant issues are as follows:

- The Department did not update its inventory records within 30 days of acquiring, changing, or deleting equipment items.
 - Twenty-three of 60 (38%) equipment addition items tested, totaling \$4,453,472, were added to Department inventory records between 13 and 335 days late.
 - Twenty-three of 60 (38%) equipment addition items tested, totaling \$16,582,260, did not have a documented date of receipt. Thus, auditors were unable to determine whether the items were timely added to the Department's inventory records.
- The Department's inventory recordkeeping system did not distinguish between several locations, such as the three separate General Office locations: the Springfield Office, the Chicago Office, and Washington Cottage.
- The Department was unable to locate State property.
 - Six of 80 equipment items selected from the Department's property records, totaling \$10,651, were unable to be located at three of eight Youth Centers (Joliet, St. Charles, and Warrenville).
- The Department did not have adequate controls over maintaining its inventory records.
 - The St. Charles Youth Center had one building not included on its property listing. Furthermore, the property items located within this building were assigned to another building.

Accepted or Implemented – continued

Department personnel stated the errors were due to oversight and paperwork not being signed by Department management. Youth Center personnel stated the errors were due to understaffing, competing priorities, items being misplaced, and/or proper documentation that was not completed upon transfer.

- The Department did not accurately report information on its quarterly Agency Report of State Property reports (Form C-15).
- Auditors were unable to reconcile the Department-wide Form C-15s, as submitted to the Comptroller, to the Comptroller's Object Expense/Expenditures by Quarter Reports (SA02). The auditors noted differences totaling \$47,991 in Fiscal Year 2015 and \$24,984 in Fiscal Year 2016.

Department personnel stated these errors were due to oversight, facilities being understaffed, and facilities reporting transactions in one quarter, but not entering into APCS until another quarter. Department personnel also stated they do not perform reconciliations of SA02 reports and Form C-15s due to staffing constraints.

- The Department did not maintain its property.
 - St. Charles Youth Center had 13 unused, condemned, or worn down buildings in need of repairs, demolition, or significant improvements. In addition, the building utilized by the Department in Springfield was in need of repairs.
 - Three of eight Youth Centers (St. Charles, Joliet, and Warrenville) had several unused, damaged, and obsolete equipment items.
 - The Kewanee and St. Charles Youth Centers did not use equipment items purchased through grants. The items for trades training or culinary arts were still in their original boxes received in October 2014.

Department personnel stated budget constraints have delayed repairs and removal of buildings and understaffing has contributed to obsolete and unused items not being disposed of timely. Youth Center personnel stated the grant items could not be used due to safety concerns with the youths.

- The Department did not have adequate control over transfers. One of eight (13%) Youth Centers (Murphysboro) had an overstated property listing by \$85,990 due to items being physically transferred to surplus and other facilities, but not being removed from Murphysboro's listing.

Department personnel stated the errors were due to employee oversight and/or proper documentation not being completed upon transfer.

Updated Response: Implemented. In the Fall of 2017, the Department trained the property coordinators and also conducted a clean-up to remove un-located property from the inventory system. In furtherance of this training, the Department has had multiple phone calls with facility staff to remind them of the importance of processing items in a timely manner and maintaining adequate backup documentation. The Department has also stressed the importance of getting rid of obsolete or outdated equipment and continuing to address building repair and maintenance issues as resources allow.

3. Establish controls over projects to ensure the adequacy and accuracy of information.

Finding: The Department failed to conduct due diligence over the inventory conversion project.

On March 25, 2016, the Department converted approximately 21,689 assets, totaling approximately \$184,387,364, from its Automated Property Control System (APCS) to the Department of Central Management Services' Central Inventory System (CIS).

The auditors reviewed the detail of capitalized assets noting:

- 73 capitalized assets, totaling \$3,761,771, were noted in the June 30, 2016 APCS details; however, they were not included in the June 30, 2015, APCS detail. The purchase dates of the 73 capitalized assets ranged from April 2010 to June 2015.
- 21 capitalized assets, totaling \$1,946,996, located within APCS, were not located within the CIS data.
- 27 capitalized assets, totaling \$184,704, located within CIS, were not located within the APCS data.

Department management attributed the failure to inherent limitations of the Department's APCS, the timing of the property system conversion, staff turnovers and limitations, competing priorities, human error, and employee oversight.

Updated Response: Implemented. The conversion of the property system was a one-time event. The Department is ensuring that any issues that arise during the year are addressed timely.

4. Develop and implement project management controls over Youth 360 to ensure projects are appropriately managed and adequately monitored and documented; enter into an agreement with the Department of Corrections which outlines both parties' roles and responsibilities; establish controls to ensure the vendor's cloud computing environment is sufficient to promote security, integrity and availability of its applications and data; ensure roles and responsibilities regarding the security of the environment and the Department's data are outlined

Accepted or Implemented – continued

in the contract or Service License Agreement with the cloud computing service provider; ensure adequate testing is conducted and documentation is maintained to support the complete and accurate migration of data; ensure Youth 360 is meeting all requirements of the Department, including the calculation of each youth's release date. Furthermore, periodically review access rights and ensure only individuals with applicable job responsibilities have access to Youth 360.

Finding: The Department did not have project management controls and had not ensured the development process over Youth 360 was controlled and documented.

In June 2010, the Department, along with the Department of Corrections, began the development of Offender and Youth 360 and on December 14, 2015, the Departments placed Offender and Youth 360 into production. Youth 360 is an enterprise application utilized to track youth offender location, maintain criminal offense information, release information, security level, personal, medical information, etc. In addition, Youth 360 tracks a youth's visitor information.

As part of their testing, the auditors requested documentation in order to determine if Youth 360 had been developed to meet State requirements and youth offender records were completely and accurately migrated from legacy applications. Specifically, the auditors noted:

- A project management framework had not been developed to ensure the development met the Department's requirements.
- The Department had not entered into an agreement with the Department of Corrections outlining the roles and responsibilities of both parties.
- The Department had not established controls to ensure the vendor's cloud computing environment was sufficient to promote security, integrity, and availability of its applications and data.
- The Department had embarked on the development of Youth 360 in order to maintain youth offender records, including the calculation of the youth's release date. However, due to incorrect logic regarding the custody date, the length of the sentence, and the complexity of youth sentencing laws, Youth 360 did not correctly calculate the release date. According to the Department, employees were to manually calculate the release date and override the entry within Youth 360.
- Approximately 90.1 million adult offender, youth offender, and visitor records were migrated from the legacy applications; however, the Departments did not provide documentation to ensure the accuracy and adequacy of the data migration from the legacy applications to the Offender and Youth 360 application. In fact, the Data

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Migration Staging Database indicated a significant number of records did not migrate accurately.

- User access rights to Youth 360 were not periodically reviewed, timely deactivated, and always appropriate based on job duties.

Department management stated the project management documentation was not adequately monitored and controlled due to the constraints of staff turnovers and loss of knowledge.

Updated Response: Implemented. The Department has completed a comprehensive review of all records related to Offender 360 and Youth 360 development. The project management framework has been developed to ensure that all O360/Y360 development meets with IDOC/IDJJ requirements.

- All Statements of Work executed appropriately reflect current requirements for IDOC/IDJJ.
- Weekly Status reports are provided on all system development activity by identified and specific scopes of work.
- IDOC conducts in person bi-weekly status briefings with both the internal and contracted development teams.
 - UAT Testing is documented; bi-weekly system updates to O360/Y360 are documented based on authorized and approved changes.
 - Decisions concerning data migration depended on several factors; the need to user access to historical records prior to 1999 and mainframe user data entry issues that surfaced during the migration of data from the former mainframe "System of Record" Offender Tracking System (OTS) to IDOC's new Offender 360 application. These records are perpetually maintained if authorized access is required. No records are missing.
 - IDOC has implemented an on-line Help Desk Ticketing Management System that enables O360/Y360 users to report on system processing errors and change requests to the system. Tickets are triaged daily; bi-weekly system updates to O360/Y360 are documented based on authorized and approved changes from the Help Desk Ticketing System.
- In addition, this information is being uploaded to the new IDOC SharePoint site categorized for future ease of reference and use. The SharePoint site will be available for authorized access and use on March 31, 2018.
- IDOC's cloud computing environment meets with the federal Criminal Justice Information Services (CJIS) compliance policies. There is an Illinois CJIS compliance attestation in place with the Illinois State Police. We have provided links to the contractor's CJIS Compliance Trust Center that manages cloud storage for Offender 360 and Youth 360.

<https://www.microsoft.com/en-us/trustcenter/compliance/cjis>.

Accepted or Implemented – continued

- 5. Enter into an agreement with the vendor for the development of Youth 360. In addition, implement controls to ensure expenditures are made in accordance with the terms of agreements and seek reimbursement for the overpayment.**

Finding: The Department did not exercise adequate controls over payments related to the Youth 360 system. During the auditor's review of Statements of Work (SoW) and invoices, it was noted:

- The Department had not entered into an agreement with the vendor for the development of Youth 360; however, the Department made payments totaling \$207,000.
- The Department had overpaid the development vendor by \$7,000 based on the SoW executed by the Department of Corrections.

Department management stated that the Illinois Department of Corrections was leading the effort on the information technology upgrades and signed on behalf of the Department.

Updated Response: Accepted and partially implemented. The Department will make every effort to ensure expenditures are made in accordance to State statute and are properly reviewed and documented. The Department has completed a comprehensive review of all records related to Youth/Offender 360 development.

- Shared Services is very near completing a full accounting of development costs, fully executed Statements of Work including all amendments to the Statements of work indicating expiration dates and documentation of hours associated with the services.
 - These records will be provided in a binder for Fiscal Operations and Procurement Operations
- Shared Services does acknowledge that one amendment was signed as a draft however resulting from this finding will ensure that once final approval on proposed system activity is established; Shared Services will only execute Statements of Work that are final.
- In addition, Shared Services has created a SharePoint site categorized for future ease of reference and use. The SharePoint site will be available for authorized access and use on March 31, 2018.

- 6. Ensure requirements related to the locally held fund administration, as set forth in the Administrative Directives, are followed by Youth Center staff. Further retain all necessary documentation in regards to receipts, disbursements, and expenditures from the locally held funds. (Repeated-2008)**

Finding: The Youth Centers inadequately administered locally held funds (bank accounts) during the examination period.

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During testing of the Department's Juvenile Justice Resident's Trust Fund (Trust Fund), Juvenile Justice Travel and Allowance Fund (Travel and Allowance Fund), and Juvenile Justice Benefit funds (Resident Benefit Fund and Employee Benefit Fund), auditors noted the following at the Youth Centers:

- Two Youth Centers (St. Charles and Warrenville), could not provide a Trust Fund Signature and Authorization Card for two youths.
- Two Youth Centers (Harrisburg and St. Charles) could not provide signature cards for the Trust Fund for those with signature authority during all of Fiscal Year 2015 and Fiscal Year 2016.
- Three Youth Centers (Pere Marquette, St. Charles, and Warrenville) did not review outstanding checks from the Trust Fund to determine whether a stop payment should be issued.
- Four Youth Centers (Chicago, St. Charles, Harrisburg, and Pere Marquette) had cash receipts that were not deposited timely.
- Two Youth Centers (St. Charles and Warrenville) could not provide adequate documentation for its receipts.
- One Youth Center (St. Charles) did not perform monthly reviews comparing the receipts and expenditures sent to Springfield for the Resident Benefit Fund to the bank statements.
- Two Youth Centers (Chicago and St. Charles) has disbursements totaling \$2,009, that were either not approved or were approved by individuals who were not on the Employee Benefit Fund Committee.
- One Youth Center (Chicago) had disbursements totaling \$1,300 which did not meet the criteria of items approved to be purchased from the Employee Benefit Fund.

Department personnel stated the exceptions noted were due to conflicting priorities, human error, and oversight. Department personnel determined this to be the cause during the prior examination as well.

Updated Response: Implemented. The Department has been holding regular meetings and communicating consistently regarding the need to enforce the policy and controls in place over locally held funds at the facility level.

- 7. To secure and control personal and confidential information, perform a risk assessment to evaluate the computer environment and data maintained to ensure adequate security controls, including adequate physical and logical access restrictions, have been established to safeguard its computer resources.**

Accepted or Implemented – continued

Ensure all confidential information is adequately protected with methods such as encryption or redaction, particularly on portable devices. In addition, develop a mechanism to ensure the tracking of all equipment.

Conduct a detailed analysis of the information contained on the missing computer equipment to determine if the individuals are required to be notified as required by the Personal Information Protection Act.

Ensure hardcopy versions of confidential information are adequately secured and properly disposed.

Ensure Business Associate Agreements are executed for all entities with access to medical information. (Repeated-2014)

Finding: The Department failed to secure and control personal and confidential information.

The Department had several computer systems that contained confidential or personal information such as names, addresses, and Social Security numbers. In addition, the Department maintained protected health information that is classified as confidential and required protection under the Health Insurance Portability and Accountability Act (HIPAA).

During testing, the auditors noted:

- The Department failed to perform a risk assessment of its computing resources.
- The Department did not maintain adequate controls over hardcopy documentation containing personal, medical, and confidential information.
- The Department failed to ensure all data at rest was properly secured.
- The Department had not consistently ensured Business Associate Agreements were executed for entities providing medical services.
- The Department failed to protect personal, medical, and confidential information on all Information Technology (IT) equipment.

Specifically, during FY15 and FY16, the Department's Certification of Inventory listing of missing items included 141 PCs/laptops totaling \$140,746 and 164 PCs/laptops totaling \$171,698, respectively. The equipment may have contained confidential information; however, due to the lack of encryption, the security over the confidential information could not be determined. In addition, the Department had not performed an assessment to determine if any notifications were required.

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The Department had not performed a risk assessment of its computing resources to identify confidential or personal information to ensure such information is protected from unauthorized disclosure.

Department management stated the security of personal information was not adequately implemented due to constraint of staff and time resources.

Updated Response: Accepted and partially implemented. The Department's vendor agreements include contractual clauses requiring adherence to Departmental confidentiality law and policy. The Department issued a Superintendent's Bulletin reminding staff about confidentiality protocols and also addresses confidentiality at new employee orientation training. The Department of Information Technology currently handles the Department's IT issues.

8. Follow the Illinois Administrative Code and the established Administrative Directive and hold management accountable for completing employee performance evaluations on a timely basis. (Repeated-2008)

Finding: The Department lacked adequate internal controls over performance evaluations.

The auditors tested a total of 100 evaluations required to be performed during the period for 60 employees. During testing, the auditors found the following:

- Twenty-one of 100 evaluations were not performed timely. Nineteen of the evaluations were performed three to 699 days late, one evaluation was performed 162 days prior to the evaluation anniversary date, and one was not signed, and therefore, the auditor was unable to determine if it was performed timely.
- Nineteen of 100 evaluations were not performed during the examination period for 18 employees tested.

Department personnel stated the errors noted for performance evaluations were due to human error and employee oversight. Department personnel determined this to be the cause during the prior examination as well.

Updated Response: Accepted and partially implemented. The Department has hired an HR Administrator who is monitoring and tracking the evaluation process to ensure evaluations are completed timely and correctly. The Department will make every effort to ensure compliance with performance evaluation requirements. One element of that effort will be Department-wide communication from an executive level staff member of the importance of completing performance evaluations in a timely manner.

Accepted or Implemented – continued

9. Implement procedures to ensure adequate segregation of duties over the locally held funds administered by the Youth Centers. (Repeated-2014)

Finding: The Department had an inadequate segregation of duties in the area of locally held funds (bank accounts) at the Youth Centers.

During testing, the auditors noted the following:

- One Youth Centers (Chicago) had improper segregation of duties over cash custody for the Employee Benefit Fund. The same employee who had custody of the cash was also responsible for performing the monthly reconciliations.
- One Youth Center (St. Charles) had improper segregation of duties over cash custody for the Travel and Allowance Fund. The same employee who had custody of the cash also counted the cash box.

During the prior examination, Department personnel stated the exceptions noted were due to insufficient resources and conflicting priorities. During the current examination, Department personnel stated the issues noted were due to staff shortages and inexperienced staff.

Updated Response: Implemented. The Department has been reminding facility staff that proper segregation of duty should be maintained over the cash boxes. When staffing issues arise and prevent segregation of duties, the facilities have been reminded to seek out the best separation of duties by reporting these instances to the CFO as they occur.

10. Ensure the requirements related to confinements, grievances, and discipline, as set forth by the Code, are known and followed by all Youth Center staff. Further, adopt controls to provide assurance proper documentation is maintained for all youth confinements, grievances, and youth discipline reports and procedures. (Repeated-2014)

Finding: The Department failed to maintain adequate administration of confinement, grievances, and discipline policies at the Youth Centers.

During testing of the Department's administration of confinement, grievances, and discipline policies, the auditors noted the following at the Youth Centers:

- Grievance forms for 11 of 60 (18%) grievances selected for testing from three of six Youth Centers (Chicago, Pere Marquette, and St. Charles) were improperly completed or the record of the grievance was not maintained by the Department for one year.

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- Three of six Youth Centers (Kewanee, Pere Marquette, and St. Charles) did not file a written report with the Chief Administrative Officer within 72 hours of an infraction when discipline was imposed for four of 60 (7%) youth infractions selected for testing. Two noted reports were filed three days and 204 days late, while the other two reports could not be located.
- Two Youth Centers (Kewanee and St. Charles) could not locate the Confinement Record Admission Forms for four of 60 (7%) confinements selected for testing.
- One Youth Center (Pere Marquette) could not provide documentation of established disciplinary procedures.

Department officials stated the exceptions noted were due to employee error and oversight. Department personnel determined this to be the cause during the prior examination as well.

Response: The Department has been revising its confinement, grievance, and discipline policies consistent with the requirements of the *RJ v. Mueller* consent decree. New confinement policies went into effect in July 2015. This transition to the new policies may have led to discrepancies with the confinement paperwork identified during the audit period. Since January 1, 2017, confinement decisions have been imputed in the Department's Youth360 online database, which should assist in confinement tracking moving forward. The Department is also working with the American Civil Liberties Union to revise its grievance policies and is updating its policies for processing youth disciplinary tickets, which will ensure that all timelines are adhered to and supported with appropriate documentation. In the area of review for the strict adherence of practice in line with the developed policy, the Department's Compliance Office is refining the review process. The review process will focus on the practice and documentation of the policies.

Updated Response: Implemented. Youth discipline is now tracked in the Youth360 online database.

- 11. Ensure charge tickets related to state vehicles include the license plate number on the ticket; maintain an accurate and complete vehicle listing; enforce vehicle maintenance schedules to reduce future year expenditures for repairs and to extend the useful lives of vehicles, in addition, monitor the submission of accident reports to ensure the requirements are being met as required by the Code. (Repeated-2008)**

Finding: The Department did not follow State laws and regulations regarding operation of automobile equipment vouchers, vehicle maintenance records, and reporting of vehicle accidents.

Accepted or Implemented – continued

During testing, the auditors noted the following:

- One of 24 operation of automobile vouchers tested, totaling \$318, did not include the license plate number on the charge ticket.
- Three of 24 operation of automobile vouchers tested, totaling \$3,567, included license plate numbers that did not trace to the Department's vehicle listing.
- During testing of four reported accidents involving the Department's vehicles, one instance was reported to the Department of Central Management Services (CMS) in an untimely manner. The accident report was submitted 49 days late.

Department personnel stated the license plates were not listed on the charge ticket due to employee oversight and the license plate numbers did not trace to the Department's vehicle listing due to the switching of license plates and failure to properly update the listing. Department personnel stated the vehicles did not receive adequate tire rotations and/or oil changes due to the Department's vehicle coordinator not being aware of vehicle maintenance requirements. The accident report was not reported to CMS within seven days due to the Department's auto liability coordinator not being made aware of the accident until a later date.

Updated Response: Implemented. The Department has reviewed and updated its vehicle listing to ensure that it is complete and accurate. It has also established a vehicle listing review process to monitor compliance with the policies and procedures for operation of state vehicles. A training on vehicle accident reporting was held for the Department's Aftercare division. The audit findings have also been reviewed with all vehicle coordinators, Superintendents, and the Deputy Director of Aftercare.

- 12. Establish a continuous 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. In addition, executive staff should evaluate management's identification of fraud risks and the implementation of anti-fraud measures. (Repeated-2012)**

Finding: The Department did not have a formal fraud risk assessment program in place during the examination period.

The Department relied on its Administrative Directives, internal controls, and an internal audit plan to minimize the risk of fraud occurring, but had not established a formal program to assess the specific risks associated with fraud. The auditors noted issues related to Administrative Directives and internal controls which are presented in other findings within this report.

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Department management acknowledged it currently does not have a formal system to identify fraud risks, as the Department was in the process of reaching out to other State agencies to take the first steps towards implementing its own fraud risk assessment program based on models used by those agencies during the examination period.

Response: Accepted. The Department's former Chief Fiscal Officer (CFO) worked with the Illinois Department of Commerce and Economic Opportunity to create a SharePoint site and process for fraud risk assessment. The CFO was the owner of the site and utilized processes and forms to create and use the SharePoint site to manage fraud risk assessment. The Director of the Department resigned in June 2016, and the CFO left the Department in August 2016. During this time, the Department had an Interim Director and entered into a memorandum of understanding to share a CFO with the Illinois Department of Corrections. It appears that the management of the SharePoint site containing the fraud risk assessment system was not reassigned in the transition. The SharePoint site is still in place, but the SharePoint site has not been utilized for this purpose since the previous CFO left. The current Director was not involved in the fraud risk assessment policy and procedure development. The Department will reassign the fraud risk assessment oversight and management of the SharePoint site and will seek to ensure that the process developed will satisfy this requirement.

Updated Response: Accepted and partially implemented. DJJ hired its own CFO this spring who will assume responsibility for this project.

- 13. Develop a disaster recovery plan to include a current prioritized listing of applications; detailed recovery scripts for each application; recovery time objectives; current listing of contact information; assignment of task team members; and retention period of backup media.**

In addition, annually perform a comprehensive test of the plan to include all computing platforms currently used and should be adequately documented. The plan should be continuously modified to eliminate any weaknesses identified during testing.

Also, develop procedures to ensure applications and data are backed up and rotated off-site. (Repeated-2014)

Finding: The Department had not developed a disaster recovery plan to ensure the timely recovery of its applications and data.

As part of the audit process, the auditor requested the Department's disaster recovery plan. However, the Department had not developed a disaster recovery plan or associated documentation such as a prioritized listing of applications.

Accepted or Implemented – continued

Additionally, the Department had not conducted disaster recovery testing of its applications and data during the examination period. Furthermore, the Department had not established procedures to ensure its applications and data were backed up and rotated off-site.

Department management stated the development of disaster recovery plan was not adequately developed due to lack of staff and time.

Updated Response: Accepted and partially implemented. To-date, the following progress has been made:

- As part of the bi-weekly status meetings with the O360/Y360 development team; we have discussed the specifics of a disaster recovery protocol.
- Guided by current DoIT policies on disaster recovery for mainframe operations, IDOC will formalize these discussions into a draft administrative directive and share them with DJJ as appropriate.

14. Notify the county sheriff of noncompliance findings that result from the Department's inspections of juvenile detention facilities.

Finding: The Department failed to give notice of noncompliance findings that resulted from the Department's inspections of juvenile detention facilities to the county sheriffs.

During testing, the auditors noted all 15 juvenile detention facility inspections tested that noted noncompliance findings were not reported to the county sheriff.

Department personnel stated they were sending the information to the counties; however, they were unaware of the requirement to inform the county sheriff of the outcome of annual inspections of juvenile detention facilities.

Response: Accepted. The Department has reformatted how the Detention Standards process will move forward in the future. The inspections in this year will occur with open communication with the counties and all of the county and State-wide stakeholders. The counties' sheriff's offices will receive notification of the findings of the annual inspections. The Department has started to review the Juvenile Standards reports from the last inspection cycle and will make the necessary notifications to the county and State-wide stakeholders. A yearly report is being developed to ensure when the inspection cycle is complete there is transparency with the information from the inspections.

Updated Response: Implemented.

15. Strengthen controls over interagency agreements by ensuring agreements are timely initiated and terms are followed.

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Finding: The Department did not exercise adequate controls over the administration of interagency agreements.

During testing, the auditors noted the following:

- One of three (33%) interagency agreements tested did not have the requirements fulfilled as of February 2017. The effective date of the agreement was April 20, 2014. Specifically, the Department's interagency agreement with the Department of Healthcare and Family Services (HFS) requires the Department to designate staff at each Youth Center to serve as liaisons with HFS, provide HFS with specific data of all juvenile residents and released juveniles aged 18-20, and provide HFS with a list of addresses of all Youth Centers operated by the Department. As of the date of testing, the Department had not designated staff members as liaisons and had not provided HFS with any of the required data or addresses.
- One of three (33%) interagency agreements tested was not signed prior to the agreement's effective date. The agreement was signed 217 days late.

Department personnel stated they are unaware of whether data, address listing, or liaisons were ever provided to HFS because the key executive staff who would have been involved in the agreement are no longer with the Department. The Department is unaware of the cause for the delay in executing the agreement because the Chief Legal Counsel, the Chief Fiscal Officer, and the Director at the time of execution are no longer with the Department.

Response: Accepted. The Department's Chief Legal Counsel will ensure that all interagency agreements are timely executed.

Updated Response: Implemented.

16. Establish procedures to ensure future interagency agreements are entered into timely by the Department.

Finding: The Department was not in compliance with the Custody Relinquishment Prevention Act (Act).

During testing, the auditors noted the Department did not enter into an interagency agreement with the Department of Children and Family Services (DCFS), the Department of Human Services (DHS), the State Board of Education (ISBE), and the Department of Public Health (DPH) as of June 30, 2015, as required. The Department ultimately entered into the interagency agreement on April 19, 2016, 294 days late.

The Act required the Department to enter into an interagency agreement with other Departments by June 30, 2015, to establish an interagency clinical team to review children at risk of custody relinquishment to DCFS to connect the child and relatives with appropriate

Accepted or Implemented – concluded

Services, treatment, and support to address the child's serious mental illness or serious emotional disturbance.

Department personnel stated there was a delay in drafting and executing the interagency agreement because no agency was designated as the lead agency within the statute.

Response: Accepted. The Act has very limited applicability to youth in the Department's custody. The purpose of the Act is to ensure that parents/guardians can get mental health treatment for their youth without having to relinquish their custody to DCFS. Specifically, the Act applies to parents/guardians who refuse to take their youth home from a hospital or similar treatment facility because of a reasonable belief that the youth will cause harm to him/herself or others if released. This situation generally does not apply to youth in the Department's custody. The Department, however, is committed to compliance with statutory requirements. Moving forward, its general counsel will work closely with the general counsels for other State agencies, as necessary, to ensure that future interagency agreements are entered into timely.

Updated Response: Implemented.

17. Increase bilingual on-board frontline staff members as required by the State Services Assurance Act or seek a legislative remedy.

Finding: The Department did not maintain the required number of bilingual on-board frontline staff members.

The State Services Assurance Act requires the Department to increase and maintain at least 25 additional bilingual on-board frontline staff members over the staff levels it maintained as of June 30, 2007.

During testing, the auditors noted the Department employed five bilingual on-board frontline staff members as of June 30, 2007. Therefore, the Department was required by the Act to employ 30 bilingual frontline staff members. As of June 30, 2016, the Department employed five bilingual frontline employees.

Department personnel stated it was unaware of any State agencies under the purview of the Governor which have a dedicated budget for recruitment. Additionally, current State hiring processes and practices do not provide for specialized targeting of bilingual populations for recruitment. Additionally, there is no preference for candidates based on bilingual ability, similar to an absolute preference for veterans. Finally, current position classification descriptions do not list bilingual capability as a requirement or preference.

Updated Response: Implemented. The Department is now in compliance and has 40 front-line bilingual staff, which exceeds the required target of 30.

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 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.

During FY15-16, the Department of Juvenile Justice filed two affidavits for emergency purchases totaling \$218,809.59 as follows:

- \$143,250.00 for software training and consulting; and
- \$ 76,559.59 for substance abuse services at St. Charles IYC.

Headquarters Designations

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.

According to a report filed on July 13, 2016, 60 employees were assigned to locations other than official headquarters.

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TWO YEARS ENDED JUNE 30, 2014

APPENDIX A

Annual Cost Statistics

	2016			2015		
	Rated Capacity	Average Daily Population	Average Yearly Cost (1)	Rated Capacity	Average Daily Population	Average Yearly Cost (1)
<u>Illinois Youth Center (2)</u>						
Chicago	130	65	\$ 176,654	130	75	\$ 148,906
Harrisburg	332	124	168,900	276	158	135,064
Kewanee	354	115	162,856	354	182	113,385
Pere Marquette	40	38	150,129	68	32	164,557
St. Charles	523	172	151,802	318	241	110,548
Warrenville	79	27	381,865	108	36	278,737
Total	1,458	541	\$ 198,701	1,254	724	\$ 158,533
(Under)/Over Capacity		(917)			(530)	

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

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

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DEPARTMENT OF JUVENILE JUSTICE
TWO YEARS ENDED JUNE 30, 2015

APPENDIX B

Summary of Appropriations and Expenditures

	FY16	FY15	FY14
Appropriations - All Funds	\$ -	\$ 120,336,391	\$ 119,391,600
<u>Expenditures</u>			
Personal services	\$ -	\$ 80,851,510	\$ -
Student, member and youth compensation	-	107,023	-
State contributions to Teachers' Retirement System	-	561	-
Social security	-	5,967,363	-
Contractual services	-	19,325,573	-
Travel	-	142,049	-
Travel and allowance for youth	-	7,648	-
Commodities	-	2,457,923	-
Printing	-	54,842	-
Equipment	-	322,628	-
Electronic data processing	-	1,015,578	-
Telecommunications	-	554,626	-
Operate auto equipment	-	292,949	-
Tort Claims	-	307,120	-
Payment of Statewide Hospitalization	53,208	60,345	15,415
Repairs, Maintenance and other Capital Improvements	334,354	181,765	250,290
Lump Sum for operational expenses	117,443,191	6,013,019	111,853,671
Lump Sum for personal services & social security	-	-	2,503,414
Youth Aftercare	103,466	-	-
Total General Office Expenditures	117,934,219	117,662,522	114,622,790
<u>Department of Corrections</u>			
<u>Reimbursement & Education</u>			
Payment of expenses associated with School District	1,665,560	1,476,628	1,795,595
Payment of expenses associated with federal programs	663,749	813,947	861,723
Payment of expenses associated with misc. programs	42,281	843,664	1,365,975
Arra: Federal recovery and programs	-	-	-
Total DOC Reimbursement & Education	2,371,590	3,134,239	4,023,293
Total Expenditures	\$ 120,305,809 *	\$ 120,796,761 *	\$ 118,646,083

<u>*Expenditures Statistics</u> (1)	FY16	FY15	FY14
Personal Services	84,138,991	83,442,989	81,485,148
Other Payroll Costs	6,657,143	6,887,095	6,429,245
Contractual Services	24,585,177	25,444,119	23,528,485
Commodities	2,200,738	2,561,061	2,708,487
All other operating expenditures	2,304,985	2,093,302	4,150,277
Awards and Grants	400,427	367,416	325,434
Refunds	18,348	779	19,007
Total Expenditures	120,305,809	120,796,761	118,646,083

(1) Summary Report Digest, Office of the Auditor General

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DEPARTMENT OF JUVENILE JUSTICE
TWO YEARS ENDED JUNE 30, 2016

APPENDIX C

Cash Receipts

	<u>FY16</u>	<u>FY15</u>
General Revenue Fund	\$ 16,657	\$ 18,768
 <u>Department of Corrections Reimbursement Fund</u>		
Illinois Criminal Justice Information Authority	399,154	549,221
Illinois State Board of Education	2,302,032	3,297,454
General Revenue Fund	636,622	363,186
Department of Human Services	76,873	168,748
United States Department of Justice	101,138	-
Private Organizations or Individuals	-	240,000
Travel and Allowance Fund	28,037	724
Profit - Youth Commissary Sales	7,350	10,381
Other	13,867	9,661
 Total Cash Receipts per Comptroller's Records	 \$ 3,565,073	 4,639,375
 Total all funds	 \$ 3,581,730	 \$ 4,658,143

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APPENDIX D

Summary of Property and Equipment

	<u>FY16</u>	<u>FY15</u>
Beginning Balance, July 1	\$ 202,710,130	\$ 197,728,668
Additions	394,548,908	3,021,342
Deletions	(394,651,882)	(514,928)
Net Tranfers	<u>1,264,773</u>	<u>2,475,048</u>
 Ending Balance, June 30	 \$ 203,871,929	 \$ 202,710,130
 *Comprised of:		
Equipment	\$ 16,458,592	\$ 17,042,451
Land and Land Improvements	1,786,295	1,786,295
Buildings	172,014,991	171,005,902
Site Improvements	4,594,361	3,875,792
Capitall Lease Equipment	<u>9,017,690</u>	<u>8,999,690</u>
 Total	 <u>\$ 203,871,929</u>	 <u>\$ 202,710,130</u>
